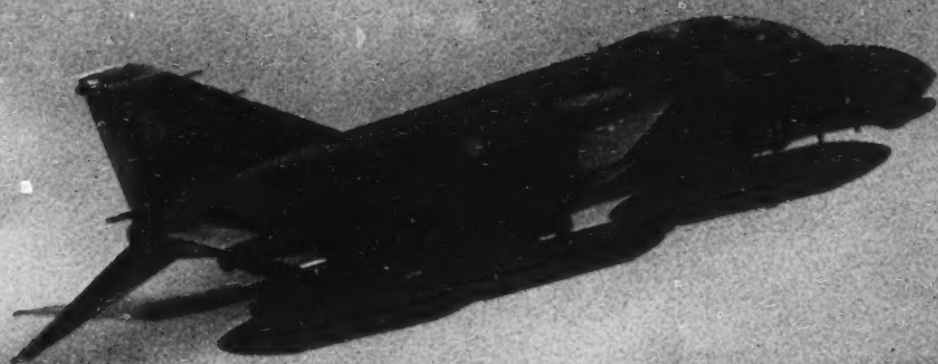


ILLINOIS

annual report 1986



Roland W. Burris - Comptroller - State of Illinois

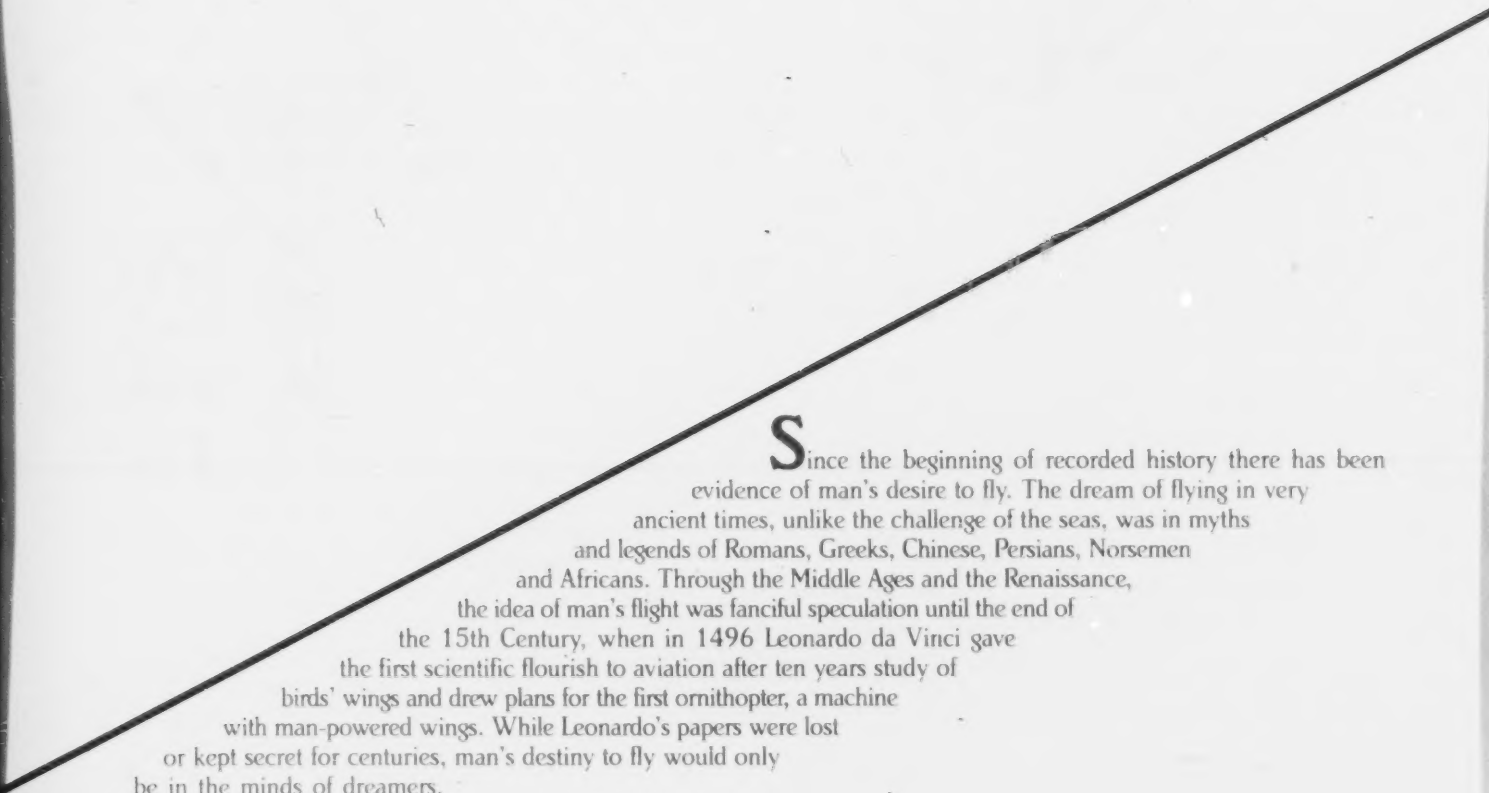


High Flight

Oh, I have slipped the surly bonds of earth,
And danced the skies on laughter-silvered wings;
Sunward I've climbed and joined the tumbling mirth
Of sun-split clouds—and done a hundred things
You have not dreamed of—wheeled and soared and swung
High in the sunlit silence. Hov'ring there,
I've chased the shouting wind along and flung
My eager craft through footless halls of air.
Up, up the long, delirious, burning blue I've topped the
wind-swept heights with easy grace;
Where never lark, or even eagle, flew;
And while with silent, lifting mind I've trod
The high, untrespassed sanctity of space,
Put out my hand, and touched the face of God.

The sonnet "High Flight" was found among the papers of a young RCAF pilot killed while defending Britain. It is the only thing 19-year-old John Gillespie Magee Jr. was ever known to have written. He died December 11, 1941.

THE SPIRIT



Since the beginning of recorded history there has been evidence of man's desire to fly. The dream of flying in very ancient times, unlike the challenge of the seas, was in myths and legends of Romans, Greeks, Chinese, Persians, Norsemen and Africans. Through the Middle Ages and the Renaissance, the idea of man's flight was fanciful speculation until the end of the 15th Century, when in 1496 Leonardo da Vinci gave the first scientific flourish to aviation after ten years study of birds' wings and drew plans for the first ornithopter, a machine with man-powered wings. While Leonardo's papers were lost or kept secret for centuries, man's destiny to fly would only be in the minds of dreamers.

OF ILLINOIS

Today, the dream of flying has become reality. Man's fanciful speculation of the past is an everyday event that touches aspects of life in Illinois which ancient man would have never dreamed possible. Who could conceive of the world today without air transport as a means of moving people and things?

In a sense, modern man is still attempting to fulfill the dream of ancient man. Americans, Chinese, French and Russians are challenging the skys when they send men on space flights. Illinois has made numerous contributions that have advanced man's dream of flying. There will always be continuing evidence of man's desire to fly even when he reaches the most distant galaxies.

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Comptroller's Message

To the Citizens of Illinois:

As Comptroller of the State of Illinois, I am pleased to present this annual report for the fiscal year ended June 30, 1986 to you, the citizenry, and to other financial statement users. Contained herein are financial statements, footnotes, and other fiscal information which are presented in accordance with generally accepted accounting principles (GAAP) and on the traditional budgetary basis.

The deficit in the State's General Funds at June 30, 1986, in accordance with GAAP, was \$261.1 million. This reflects the State's worsening financial condition during fiscal year 1986 as General Funds revenues increased by \$241.8 million or 2.8% while expenditures increased by \$667.9 million or 8.3% on a GAAP basis.

Income tax revenues in the General Funds decreased by \$9.0 million during fiscal year 1986, while sales tax revenues increased by \$99.2 million. However, sales taxes totaling \$114.1 million were diverted from the General Funds to the Build Illinois Fund during fiscal year 1986 and, therefore, were not available for funding the general operations of the State.

At the same time, General Funds expenditures for education and health and social services increased by \$350.0 million and \$164.2 million, respectively, on a GAAP basis during the reporting period. As alluded to in last year's report, the deteriorating fiscal condition portrayed in this report was inevitable if the spending imbalance was not corrected.

The traditional budgetary deficit of \$152.7 million at June 30, 1986, likewise, illustrates the deteriorating financial position of the State during the year. The available balance in the General Funds was \$288.0 million at June 30, 1986.

Section I of this report depicts the State's activity and financial position for fiscal year 1986 in accordance with GAAP, while Section II presents financial information in the traditional budgetary format. Both sections provide valuable financial information which, when properly analyzed, can be utilized as a tool to assist management. A discussion of specific aspects of this report is set forth below.

The governmental fund types are those through which most State functions are financed. These fund types, which include the general (referred to more fully above), special revenue, capital projects, and debt service funds, are presented on a modified accrual basis of accounting. Revenues on this basis are recognized when they are both measurable and available to finance current operations.

Revenues from the major sources for fiscal years 1986 and 1985 are displayed in the table below.

Income taxes were replaced by federal government revenue as the largest source of revenue during fiscal year 1986. Income tax revenue decreased by \$52 million or 1.4% from the prior year primarily due to the 1985 State authorized tax amnesty program which ended prior to the 1986 fiscal year. Under the amnesty program, delinquent taxpayers settled their tax debts with the State without fear of prosecution and remitted approximately \$85 million in income taxes in fiscal 1985.

Sales tax revenues increased \$178 million from the prior year, a 5.6% increase. This growth is a reflection of the economic recovery and the corresponding increase in retail sales in the State.

Federal government revenues increased \$217 million or 6.1% over fiscal year 1985. The major components of the growth in federal government revenues were increases in the level of federal funding for public aid, job training and elementary and secondary education.

General Governmental Functions

Revenues (amounts expressed in millions) from various sources for fiscal years 1986 and 1985, were as follows:

Revenue Source	Amount		Percentage of Total	
	1986	1985	1986	1985
Taxes				
Income	\$ 3,586	\$ 3,638	25%	27%
Sales	3,355	3,177	24	24
Public utility	871	893	6	7
Motor fuel	671	617	5	5
Other	680	596	5	4
Federal government	3,782	3,565	27	26
Licenses and fees	685	654	5	5
Interest and other investment income	178	182	1	1
Other revenues	342	195	2	1
	\$ 14,150	\$ 13,517	100%	100%

As indicated in the above table, 1986 fiscal year revenues increased by \$633 million or 4.7% over revenues for fiscal year 1985. The majority of the increase was attributable to higher sales tax and federal government revenue, offset by lower income tax revenue.

Expenditures for governmental fund types are presented on the modified accrual basis of accounting. Expenditures for major governmental fund functions for fiscal years 1986 and 1985 are displayed in the table below.

Education expenditures increased \$450 million from the prior year for a 14.1% increase. The expenditures for 1986 include increased funding for state aid to local schools, various education programs and new funding for the Education Reform Package. The 1985 expenditures include \$75 million of supplemental state aid earmarked from the revenues generated from the 1985 income tax amnesty program referred to above.

Health and social services expenditures increased \$181 million from the prior year for a 6.0% increase. The increase was primarily the result of higher medical assistance payments to the needy.

Expenditures (amounts expressed in millions) for major governmental fund functions in fiscal 1986 and 1985, were as follows:

Expenditure Function	Amount		Percentage of Total	
	1986	1985	1986	1985
Education	\$ 3,638	\$ 3,188	26%	24%
Health and social services	3,176	2,995	23	23
Social assistance	1,619	1,516	11	11
General government	1,942	1,918	14	15
Transportation	1,917	1,831	14	14
Public protection and justice	731	639	5	5
Natural resources and recreation	211	165	1	1
Debt service	604	609	4	5
Capital outlays	263	280	2	2
	\$ 14,101	\$ 13,141	100%	100%

Expenditures of \$14,101 million in 1986 represented an increase of \$960 million or 7.3% over expenditures in 1985. The majority of the increase was attributable to education, and health and social services.

\$ Amounts (in billions)
For the Year Ended June 30, 1986 Prior Year

Revenue Source

Interest and other investment income	\$ 2	1%
Other revenues	\$ 1	2%
Licenses and fees	\$ 7	5%

Federal government	\$ 3.8	27%
--------------------	--------	-----

Other taxes	\$ 7	5%
-------------	------	----

Motor fuel taxes	\$ 7	5%
------------------	------	----

Public utility taxes	\$ 9	6%
----------------------	------	----

Sales taxes	\$ 3.3	24%
-------------	--------	-----

Income taxes	\$ 3.6	25%
--------------	--------	-----

\$14.2 100%

\$13.5



\$ Amounts (in billions)
For the Year Ended June 30, 1986 Prior Year

Expenditure Function

Capital outlays	\$ 1	2%
Debt service	\$ 6	4%
Natural resources and recreation	\$ 2	1%
Public protection and justice	\$ 7	5%

Transportation	\$ 1.9	14%
----------------	--------	-----

General government	\$ 2.0	14%
--------------------	--------	-----

Social assistance	\$ 1.6	11%
-------------------	--------	-----

Health and social services	\$ 3.2	23%
----------------------------	--------	-----

Education	\$ 3.6	26%
-----------	--------	-----

\$14.1 100%

\$13.1



Total revenues for the State's expendable trust funds decreased from \$1,616 million in fiscal year 1985 to \$1,610 million in fiscal year 1986, a 0.4% decrease. Total expenditures decreased from \$1,014 million in fiscal year 1985 to \$932 million in fiscal year 1986, an 8.1% decrease. The decline in expenditures was primarily attributable to the elimination of the federal supplemental compensation program which resulted in lower unemployment benefit claims paid.

Expendable Trust Improvements

Illinois again received high bond ratings in fiscal year 1986 from both Moody's Investors Service (Aaa) and Standard and Poor's Corporation (AA+) for its general obligation bonds. Outstanding general obligation bonds (principal) at June 30, 1986 totaled \$3,758 million and were issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes, and for maintenance and construction of highway and waterway facilities. Bonds have also been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source.

Debt Administration

General and special obligation bonds (amounts expressed in millions) issued during fiscal year 1986 were as follows:

Date of Issue	Amount		Average Interest Rate
	General	Special	
9/01/85	\$150		8.77%
9/15/85		\$100	9.41%
12/15/85		90	9.64%
2/01/86	100		7.61%
4/01/86	200		7.15%
6/01/86	190		7.49%

In addition to general obligation bonds, Illinois' reporting entity has \$2,315 million of revenue bonds, \$2,407 million of unfunded pension expense, \$107 million of notes payable, and \$728 million of other long-term obligations outstanding as of June 30, 1986.

Combined operating revenues for the State's enterprise funds increased by \$125 million or 8.0% from \$1,571 million in fiscal year 1985 to \$1,696 million in fiscal year 1986. Combined operating expenses increased from \$970 million to \$1,081 million, an increase of \$111 million or 11.4% during the same period. As in the prior year, the primary cause for the increases was the activity relating to the Illinois State Lottery.

Proprietary Funds

Combined operating results for the State's internal service funds indicate increased activity during fiscal year 1986; however, revenues exceeded expenses by a comfortable margin. Operating revenues and expenses were \$159 million and \$151 million, respectively, for fiscal year 1986, while related amounts for fiscal year 1985 were \$142 million and \$137 million, respectively. The principal internal service operations provide data processing, motor pool vehicles, telephone communications, office supplies and printing services to other State departments.

Total net assets of the pension trust funds on a current market basis aggregated \$10.9 billion at June 30, 1986. The most current actuarial valuations of the pension trust funds indicated that the actuarial present value of accumulated plan benefits was \$14.0 billion and exceeded net assets of the funds by \$3.1 billion. On a market value basis, the funding ratio for all funds combined increased to 77.3% at June 30, 1986 from 62.9% at June 30, 1985. In addition, on a cost basis, the funding ratio increased to 68.0% at June 30, 1986, from 58.9% at June 30, 1985.

Retirement Systems

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Illinois for its comprehensive annual financial report for the fiscal year ended June 30, 1985.

Certificate of Achievement

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

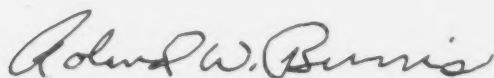
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate Program requirements and I will be submitting it to the GFOA to determine its eligibility for another certificate.

Traditionally, Illinois has been a leading producer of steel, capital goods, corn, hogs, soybeans, and coal and has served as the national transportation hub and a center for merchandising and finance. The wealth of the Illinois economy is indicated by its top ten ranking in state per capita personal incomes.

Prospects for the Future

During the past few years, foreign competitors, taking advantage of the over-valued dollar, have wracked Illinois' manufacturing and farm sectors. The recent declines in the value of the dollar and the price of oil have yet to provide substantial assistance to Illinois' slimmed down export competitive industries in regaining their lost market shares. On the other hand, service-oriented industries have been expanding in Illinois as they are attracted to its central location, highly developed infrastructure, and well-educated labor force.

Sincerely,



Roland W. Burris
Comptroller



Meigs Field Chicago



Meigs Field is situated on what was originally called Northerly Island, the only man-made island off the Chicago Lakefront. The key-shaped airport, part of Daniel Burnham's master plan for the lakefront, was first used during the Century of Progress Exposition in 1933-34. In 1937, the Chicago Exposition Authority turned the land over to the Chicago Park District from whom the site was later leased to become an airfield.

The facility was opened on December 10, 1948, and within seven years became the busiest single runway airport in the world. On June 30, 1949, by action of the City Council, the name of the lakefront airport was officially changed to Merrill C. Meigs Field, in honor of the great Chicago pioneer pilot and former chairman of the Chicago Aero Commission.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of
Illinois

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1985

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to governmental units and public employee retirement systems whose comprehensive annual financial reports (CAFR's) are judged to substantially conform to program standards.



Betty Jo Harker
President

Jeffrey L. Esser
Executive Director

The State of Illinois was awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada for its Annual Financial Report for the year ended June 30, 1985.

The Office of the Comptroller was created by the 1970 Constitution and designated as the State's chief fiscal officer. In this role of chief fiscal officer, the Comptroller is responsible for reviewing, maintaining and improving the fiscal control over the influx of revenues and the outflow of expenditures from the State Treasury. The Comptroller also reports monthly and annually on the fiscal health of the State, designs and prepares the State's central accounting system and makes available information about the State's activities for public review.

The Treasurer has custody of many of the State's funds and is responsible for the investment of these funds and for the availability of these funds to pay the State's bills. It is the Comptroller, however, who orders all payments into (deposits) and payments out of (warrants or checks) the numerous funds held by the Treasurer. No payment can be made from any fund held by the Treasurer without the approval of the Comptroller.

The Comptroller is also responsible for determining the legality of each bill presented for payment. In fiscal year 1986 this responsibility involved the central accounting of over \$19.4 billion in expenditures from State treasury held funds.

The Comptroller issued more than 15.7 million warrants (checks) in fiscal year 1986 including the payroll for over 112,000 State employees and approximately 2.86 million warrants for State income tax refunds.

The Comptroller's Uniform Statewide Accounting System (CUSAS) now provides for immediate access to State financial information on a daily basis. With the use of computer programs, financial reports are generated each day which show the amount of money received or disbursed and the amount available in each account.

The Comptroller is responsible for maintaining on file all State contracts with various companies or individuals as well as the storage and retrieval of all documents supporting the payout of tax money. Millions of individual records and support documents are retained for a period of five years after which time the support documents are destroyed but the warrant is microfilmed and retained for a period of seven years.

The Comptroller also maintains summary information on certain State funds which are authorized to be held outside the State Treasury. These locally held fund reports are filed quarterly with the Comptroller's Office.

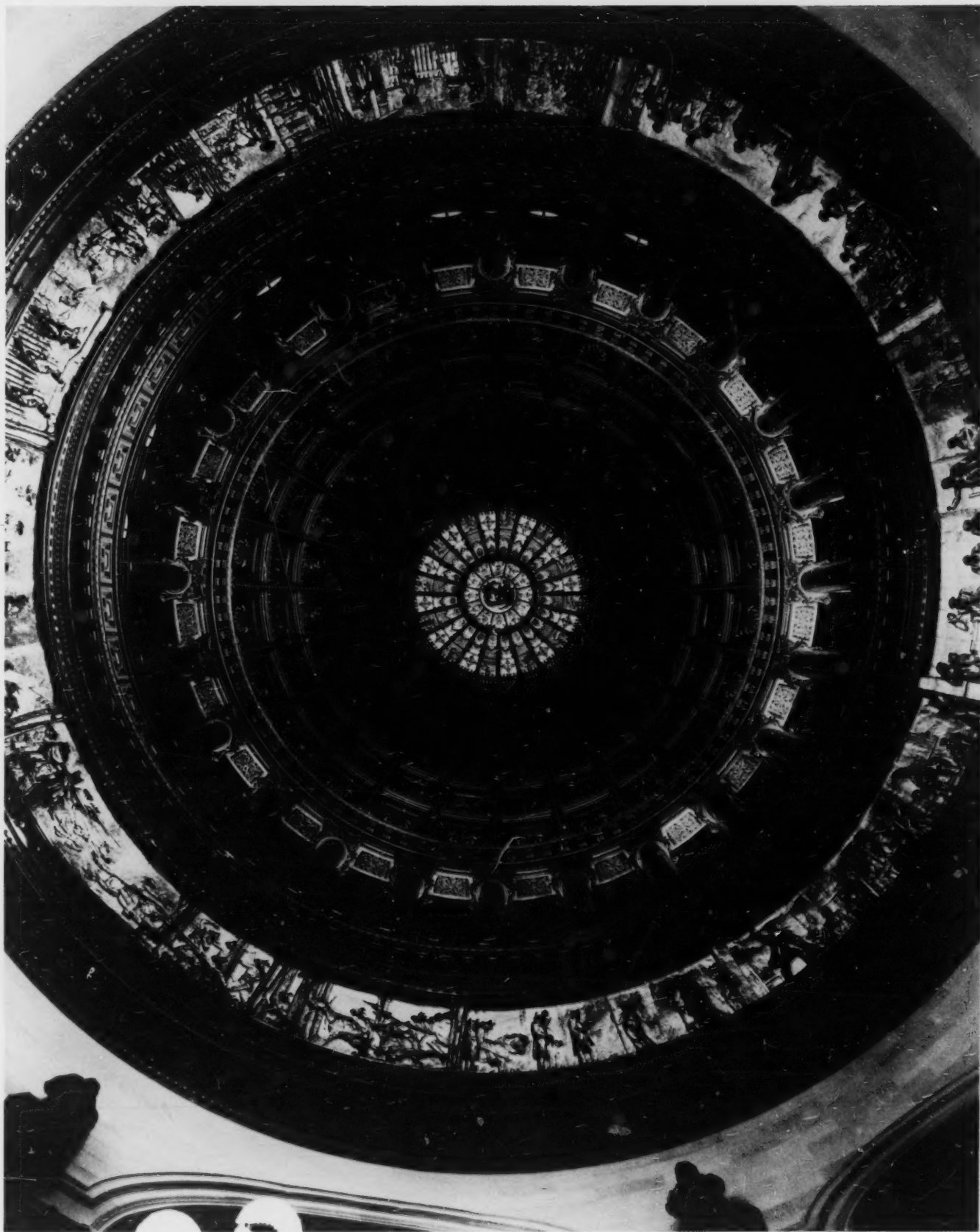
Fixed asset reports are filed with the Comptroller's Office by all State agencies on a quarterly as well as on an annual basis. These reports are reconciled and maintained on file at the Comptroller's Office.

Current records of the State's outstanding bonded indebtedness and certain other bonding information are also collected, summarized and published by the Comptroller.



Other functions of the Comptroller's Office include maintaining fiscal reports which are filed by local government units, and carrying out the various provisions of the Cemetery Care Act.

These functions are accomplished by the Comptroller through offices located in Springfield and Chicago.



With restoration completed in January, 1987, the State Capitol dome interior was returned to its former glory after being hidden behind decades of dirt and grime. Light through 85 glass panels in the 26 feet dome skylight illuminate 9000 individual pieces of colored glass.

Generally Accepted Accounting Principles Overview

Presentation

Section I contains the general purpose financial statements (GPFS) of the State of Illinois presented in accordance with generally accepted accounting principles (GAAP) for state governments, with an accompanying report on those statements from the State Auditor General and an analysis of GAAP basis revenues and expenditures.

The financial statements include a combined balance sheet for all funds of agencies, boards, commissions, authorities, universities and related foundations and associations that were deemed part of the State of Illinois financial reporting entity in accordance with the National Council on Governmental Accounting Statement 3, as recognized in the Governmental Accounting Standards Board Statement 1. It also presents in separate operating statements: governmental and expendable trust fund types; proprietary and pension trust fund types; and university and college current funds. Also, the Combined Statement of Changes in Financial Position—All Proprietary Fund Types and Pension Trust Funds, and the Combined Statement of Changes in Fund Balances—University and College Fund Type have been included in the GAAP presentation.

An integral part of the GPFS is the Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances—Budget and Actual (Non-GAAP). All Budgeted Fund Groups. This statement incorporates expenditures recorded on the Comptroller's Uniform Statewide Accounting System (CUSAS) for both final budget and actual amounts that are presented in Section II of this annual report. The source for the revenue budget was the *Illinois State Budget*, with actual revenue amounts from CUSAS records which are reported in Section II. A comprehensive presentation of receipt and appropriation activity is provided in the *Illinois Detailed Annual Report*, a separate publication issued by the Comptroller's Office. The State of Illinois, pursuant to statute, enacts a budget on a basis of accounting other than GAAP and, therefore, must present additional data to provide a budget to GAAP reconciliation. Note 3 in Section I of the report incorporates data from the Budget and Actual (Non-GAAP) statement referred to above and supplies the necessary trail from the budgetary reporting system to the GAAP financial statements.

State funded universities, colleges, and their related foundations and associations are presented in the financial statements as a discrete reporting entity. The basis of accounting used in the State's presentation is set forth in the *College and University Business Administration* manual and the American Institute of Certified Public Accountants' *Audits of Colleges and Universities*. With modifications to allow the combining of the university and college fund type balance sheet with the remaining fund types.

Results-General Fund (Budgetary Basis vs. GAAP)

Significant differences between the GAAP and the budgetary statements can be classified into two categories: Reporting classifications and basis of accounting adjustments.

Reporting classifications—

For GAAP purposes, the accounts within the General Fund have been combined and as a result of this combination, the \$638 million transfer of funds from the General Revenue Fund to the Common School Fund has been eliminated. Other major reporting differences include the reclassification of university and college expenditures from the education function to transfers-out for the GAAP statements and the recognition of federal receipts by the Department of Public Aid as a federal government revenue source versus a transfers-in as reported in the budgetary statements.

Basis of accounting adjustments—

GAAP adjustments resulting from significant differences in the basis of accounting include recording taxes and other receivables which are measurable and available to finance expenditures of the current period, and recording liabilities which will be paid from future year appropriations including State Board of Education reimbursement programs, Public Aid medical reimbursements and tax refunds.

Approach

The 1986 financial statements were compiled with the assistance of a computerized data accumulation system. GAAP adjustments and disclosure information for all treasury held and non-treasury held funds was submitted by State agencies and entered into the system. Without the assistance and cooperation of State agencies and organizations, the presentation of the following general purpose financial statements would not have been possible.

CUSAS is currently being enhanced to provide GAAP transactional information in addition to the budgetary information it currently provides, thus reducing the requirements for agency GAAP adjustments related to treasury held funds.

Section I

Generally Accepted Accounting Principles Financial Report



The ZR-1 was built by the Naval Aircraft Factory. Later in its career, it was designated SR-1, and became known as the Shenandoah, the first of the quartet of dirigibles that was to include (in order of production) "Los Angeles," "Akron" and "Macon."

GAAP Basis

Revenue Analysis

The governmental fund types are those through which most State functions are financed. These fund types include the general, special revenue, capital projects and debt service. These funds are presented on a modified accrual basis of accounting with revenues being recognized when they are both measurable and available to pay liabilities of the current period and are presented net of refunds.

During the past six fiscal years beginning July 1, 1980 and ending June 30, 1986, total revenues have fluctuated significantly. On a GAAP basis, revenues ranged from a low of \$10.4 billion during fiscal year 1983 to a high of \$14.2 billion during fiscal year 1986. In current dollars, there was an average increase of 6.4% in governmental fund revenues during this period. However, on a constant dollar basis which reflects the reduction in the purchasing power of the dollar due to inflation, revenues experienced an average increase of only 1.7% during the same period.

Taxes were the largest revenue source over the last six years and comprised 65% of total revenues. Revenues from tax sources which include income, sales, public utility, motor fuel and other miscellaneous taxes increased an average of 6.4% during the last six fiscal years on a current dollar basis. In constant dollars, however, the average increase was only 1.7%.

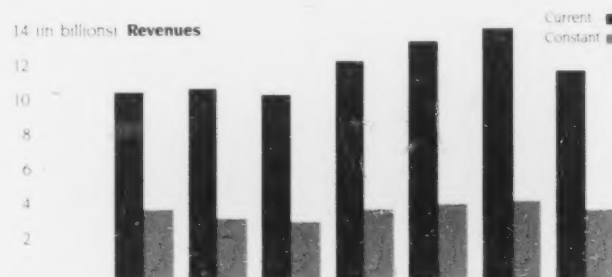
Income taxes, the largest tax source, increased 6.0% and 1.3% on a current and constant dollar basis, respectively. The average increase is primarily due to the temporary tax increase which was enacted during fiscal year 1984. Sales taxes were the second largest tax source and increased an average of 7.8% during the last six years on a current dollar basis. The State's portion of the sales tax rate which was increased from 4% to 5% on January 1, 1984, is the major reason for the average increase in sales tax revenue. On a constant dollar basis, sales tax revenue increased an average of only 3.1%.

Federal government revenues, which are the second largest revenue source, decreased from \$2.91 billion in 1981 to \$2.79 billion during fiscal year 1983 before increasing to a high of \$3.78 billion during fiscal year 1986. This represents an average increase of 5.6% during the six years on a current dollar basis. When considering the inflationary factor in constant dollars, however, the average increase was only 1.0%. The increases are primarily due to increased federal aid for highway construction, public aid, job training and elementary and secondary education.

Other revenues, including licenses and fees, interest and other investment income and miscellaneous other revenues, increased an average of 9.9% and 5.1% in current and constant dollars, respectively.

GAAP Basis
State of Illinois
Revenues
Governmental Fund Types
Fiscal Years 1981 Through 1986
(in millions)

	1981	1982	1983	1984	1985	1986	Avg.
Current \$	\$10,504	\$10,562	\$10,414	\$12,375	\$13,517	\$14,150	\$11,920
Constant \$	4,048	3,745	3,541	4,059	4,268	4,342	4,001
% inc./dec.							
over/under							
prior year in							
Current \$	—	0.6%	(1.4%)	18.8%	9.2%	4.7%	6.4%
Constant \$	—	(7.5%)	(5.4%)	14.6%	5.1%	1.7%	1.7%



GAAP Basis
State of Illinois
Revenues by Source
Governmental Fund Types
Fiscal Years 1981 Through 1986
(in millions)

	1981	1982	1983	1984	1985	1986	Avg.
Tax revenues							
Current \$	\$ 6,812	\$ 6,952	\$ 6,928	\$ 8,314	\$ 8,921	\$ 9,163	\$ 7,848
Constant \$	\$ 2,625	\$ 2,465	\$ 2,356	\$ 2,727	\$ 2,817	\$ 2,812	\$ 2,634
% inc./dec.							
Current \$	—	2.1%	(0.3%)	20.0%	7.3%	2.7%	6.4%
Constant \$	—	(6.1%)	(4.4%)	15.7%	3.3%	(0.2%)	1.7%
Federal government revenues							
Current \$	\$ 2,910	\$ 2,832	\$ 2,791	\$ 3,208	\$ 3,565	\$ 3,782	\$ 3,181
Constant \$	\$ 1,121	\$ 1,004	\$ 949	\$ 1,052	\$ 1,126	\$ 1,160	\$ 1,069
% inc./dec.							
Current \$	—	(2.6%)	(1.4%)	14.9%	11.1%	6.1%	5.6%
Constant \$	—	(10.4%)	(5.5%)	10.9%	7.0%	3.0%	1.0%
Other revenues							
Current \$	\$ 782	\$ 778	\$ 695	\$ 853	\$ 1,031	\$ 1,205	\$ 891
Constant \$	\$ 302	\$ 276	\$ 236	\$ 280	\$ 325	\$ 370	\$ 298
% inc./dec.							
Current \$	—	(0.5%)	(10.7%)	22.7%	20.9%	16.9%	9.9%
Constant \$	—	(8.6%)	(14.5%)	18.6%	16.1%	13.8%	5.1%

Note: Constant dollar amounts were derived using the Consumer Price Indexes
All Urban Consumers at June 30 for fiscal years 1981 through 1986 (1967=1.0)

GAAP Basis

Expenditure Analysis

Expenditures for the governmental fund types are presented on a modified accrual basis of accounting. On this basis, expenditures are recognized in most instances when the related fund liability is incurred, regardless of when cash is expended.

During the past six fiscal years, total governmental fund expenditures have varied on a GAAP basis from a low of \$10.6 billion during fiscal year 1982 to a high of \$14.1 billion during the fiscal year ended June 30, 1986. In current dollars, expenditures increased an average of 5.7% during the six year period. In constant dollars, however, total governmental fund expenditures merely kept pace with inflation, increasing an average of only 1.1% over the six year span.

Expenditures for education, including elementary and secondary and higher education, were the largest expenditure function during each of the past six years. Although remaining the largest overall expenditure function, educational expenditures experienced one of the lowest average increases of all GAAP expenditure functions, 4.4%. In constant, or "inflation adjusted" dollars, educational expenditures actually *decreased* by an average of .2% during the six year period.

The health and social services expenditure function (medicaid, vocational rehabilitation and children and family services payments) was the second highest expenditure category during the past six years. Although increasing an average of 5.0% during the last six years on a current dollar basis, this expenditure function only increased by an average of .4% on a constant dollar basis.

General government expenditures, the third largest expenditure function during the six year period which is being analyzed, increased an average of 6.9% and 2.2% on a current dollar and constant dollar basis, respectively. The general government expenditure increases are primarily due to significant increases in personal property tax replacement revenues which were expended to local government taxing districts during fiscal years 1984 and 1985.

Transportation and social assistance expenditures increased an average of 7.2% and 4.3% respectively over the six year period in current dollars. In constant dollars, transportation expenditures increased an average of 2.7% while social assistance expenditures *decreased* an average of .3%.

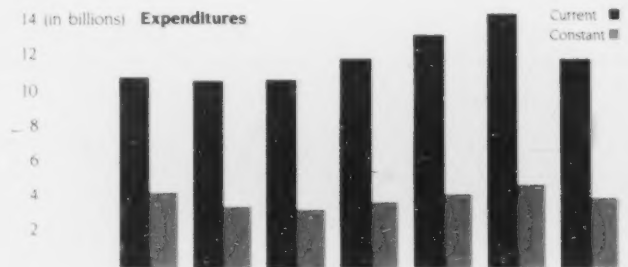
Other expenditure functions including public protection and justice, natural resources and recreation, debt service and capital outlays constituted approximately 12% of the total governmental fund type expenditures over the six year period on a current dollar basis. Only debt service interest had a significant increase, averaging 20.7% on a current dollar basis and 15.3% on a constant dollar basis. This increase is predominantly caused by a classification change during fiscal year 1985 which represents interest paid on income tax refunds as debt service interest rather than as a reduction of revenue.

Other expenditure functions and average percentage increases over the past six years in current and constant dollars, respectively, are as follows: public protection and justice (9.7%, 4.8%), natural resources and recreation (7.4%, 2.8%), debt service principal (7.0%, 2.2%) and capital outlays (6.6%, 1.9%).

For every Illinois citizen, an average of \$1,027 per year was expended from the governmental funds during the period July 1, 1980 and June 30, 1986, in current dollars on a GAAP basis. The increase in per capita expenditures averaged 5.5% during this period, again in current dollars. In inflation adjusted figures, an average of \$346 per year was expended for each Illinois citizen from the governmental funds. In constant dollars, this is an average percentage increase of only .9% over the six year period.

GAAP Basis
State of Illinois
Expenditures
Governmental Fund Types
Fiscal Years 1981 Through 1986
(in millions)

	1981	1982	1983	1984	1985	1986	Avg.
Current \$	\$10,771	\$10,594	\$10,608	\$11,700	\$13,141	\$14,101	\$11,819
Constant \$	4,151	3,757	3,607	3,837	4,149	4,327	3,971
% inc./dec. over/under prior year in Current \$	—	(1.6%)	0.1%	10.3%	12.3%	7.3%	5.7%
% inc./dec. over/under prior year in Constant \$	—	(9.5%)	(3.9%)	6.2%	8.1%	4.3%	1.1%



GAAP Basis
State of Illinois
Expenditures per Capita
Governmental Fund Types
Fiscal Years 1981 Through 1986
(nearest dollar)

	1981	1982	1983	1984	1985	1986	Avg.
Current \$	\$ 939	\$ 924	\$ 925	\$ 1,016	\$ 1,139	\$ 1,221	\$ 1,027
Constant \$	362	328	315	333	360	375	346
% inc./dec. over/under prior year in Current \$	—	(1.6%)	0.1%	9.8%	12.1%	7.2%	5.5%
% inc./dec. over/under prior year in Constant \$	—	(9.4%)	(4.0%)	5.7%	8.1%	4.2%	.9%



Note: Constant dollar amounts were derived using the Consumer Price Indexes
All Urban Consumers at June 30 for fiscal years 1981 through 1986 (1967 = 1.0)

Report of Auditor General

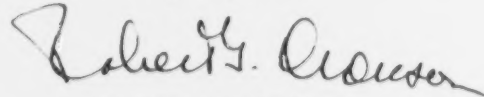
Honorable Philip J. Rock, President of the Senate
Honorable Michael J. Madigan, Speaker of the House
Members of the General Assembly
Honorable James R. Thompson, Governor
Honorable Roland W. Burris, Comptroller

We have examined the combined general purpose financial statements of the State of Illinois as of and for the year ended June 30, 1986 as listed in the foregoing table of contents for Section I. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the general purpose financial statements of the State of Illinois for the year ended June 30, 1986, listed in the foregoing table of contents for Section I, present fairly the financial position of the State of Illinois at June 30, 1986, and the results of its operations and the changes in financial position of its proprietary fund types and pension trust funds for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the change, with which we concur, in the method of accounting for the Deferred Compensation Plan Fund as described in Note 2 to the financial statements.

The statistical and economic data presented in this report were not audited by us, and, accordingly, we do not express an opinion thereon. The budgetary financial statements and schedules in Section II were examined on behalf of the Auditor General by Touche Ross & Co.

Very truly yours,



ROBERT G. CRONSON
Auditor General
State of Illinois

Springfield, Illinois
January 20, 1987



Swallow TP Trainer with 110 h.p. engine, 1929 (courtesy, President of Republic)

STATE OF ILLINOIS
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1986
(Expressed in Thousands)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets:				
Cash and cash equivalents	\$ 495,158	\$ 884,651	\$ 122,917	\$ 368,156
Investments	56,183		18,110	
Receivables, net:				
Taxes	399,047	96,855		
Intergovernmental	234,639	560,587		2,217
Other	30,519	49,183	588	
Due from other funds	109,917	144,347	1,200	
Inventories	26,836	18,004		
Prepaid expenses				
Loans and notes receivable	25,276	12,133		
Restricted assets				
Property, plant and equipment, net				
Other assets	684			
Amount available in debt service funds for:				
Retirement of general obligation bonds				
Retirement of special obligation bonds				
Amount to be provided for:				
Retirement of general obligation bonds				
Retirement of special obligation bonds				
Retirement of other obligations				
Pension liabilities				
Total assets, amounts available and amounts to be provided for retirement of long-term obligations	\$ 1,378,281	\$ 1,765,762	\$ 142,815	\$ 370,393
Liabilities:				
Accounts payable and accrued liabilities	\$ 979,383	\$ 236,689		\$ 40,006
Intergovernmental payables	431,153	327,973		6,083
Due to other funds	189,980	146,413	\$ 1,200	\$ 258
Deferred revenues	18,886	15,690		1,784
Liabilities payable from restricted assets				
Depository and other liabilities		2,902	454	
Notes payable				
Accrued retirement costs				
General obligation bonds payable				
Special obligation bonds payable				
Revenue bonds payable				
Federal advances for unemployment compensation benefits				
Other obligations				
Total liabilities	1,639,402	729,668	1,654	48,133
Fund equity:				
Contributed capital				
Investment in fixed assets				
Retained earnings:				
Reserved for revenue bond and note retirement				
Reserved other				
Unreserved				
Fund balances (deficits):				
Reserved for:				
Encumbrances	44,279	912,694		428,371
Long-term portion of:				
Investments	56,183			
Intergovernmental and other receivables	13,943	309,453		
Loans and notes receivable	22,106	8,417		
Inventories	26,836	18,004		
Net assets available for plan benefits				
Restricted fund balance				
Endowment and similar funds				
Other	885			
Unreserved:				
Designated for:				
Debt service			141,161	
Other				
Undesignated	(425,355)	(212,474)		(106,311)
Total fund equity (deficit)	(261,121)	1,036,094	141,161	(32,260)
Total liabilities and fund equity	\$ 1,378,281	\$ 1,765,762	\$ 142,815	\$ 370,393

The accompanying notes to the financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Type	University and College Fund Type		Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	Universities and Colleges		General Fixed Assets	General Long-Term Obligations	
\$ 160,418	\$ 21,056	\$ 1,017,457	\$ 226,732				\$ 3,296,545
726,743		9,619,952	226,744				10,641,734
		410,243					906,145
1,287	46	12,290	4,620				813,726
66,193	1,611	146,760	63,412				360,266
8,381	33,847	14,891	97,998				412,583
2,254	5,850		36,423				89,767
1,968			4,817				6,785
1,263,503			53,235				1,356,139
247,919			6,623				254,542
655,656	52,838	5,230	2,911,669	\$ 2,480,066			6,109,439
6,036	31	914,219	2,906				923,876
						\$ 120,984	120,984
						20,177	20,177
						3,636,871	3,636,871
						169,848	169,848
						656,815	656,815
						2,406,982	2,406,982
\$ 3,136,360	\$ 117,279	\$ 12,141,042	\$ 3,637,179	\$ 2,480,066	\$ 7,011,677	\$ 32,180,854	
\$ 170,604	\$ 29,202	\$ 59,213	\$ 203,646				\$ 1,718,744
5,894	14	491,347	238				1,282,704
22,362	638	37,210	14,301				412,583
12,053	1,094	1,714	37,133				88,354
8,860			9				8,869
924	12,814	1,349,539	9,840				1,376,143
95,954			11,096				107,050
						\$ 2,406,982	2,406,982
						3,757,855	3,757,855
						190,025	190,025
2,045,859		868,047	269,441				2,313,300
125	15,480		55,452			656,815	898,047
2,362,835	59,262	2,837,070	600,826			7,011,677	15,290,527
29,422	21,872						51,294
			2,585,225	\$ 2,480,066			4,995,291
62,255							62,255
89,966							89,966
591,882	30,145						628,027
			58,572				3,444,116
							56,185
							323,396
							30,523
							44,840
		9,551,594					9,551,594
			42,124				47,124
		1,315	137,108				138,423
			131,896				132,781
							141,161
			9,251				9,251
		12,489,551	137,477				(853,900)
774,525	58,017	9,303,972	1,036,353	\$ 2,480,066			16,890,327
\$ 3,136,360	\$ 117,279	\$ 12,141,042	\$ 3,637,179	\$ 2,480,066	\$ 7,011,677	\$ 32,180,854	



First flight over Chicago, September, 1910. Walter Brodtkin, pilot. (Courtesy Chicago Historical Society)

STATE OF ILLINOIS
**Combined Statement of Revenues, Expenditures,
Other Sources and Uses of Financial Resources
and Changes in Fund Balances**
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended June 30, 1986
(Expressed in Thousands)

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Income taxes	\$ 3,228,335	\$ 357,427				\$ 3,585,762
Sales taxes	3,241,226	114,129				3,355,355
Public utility taxes	650,121	220,458				870,579
Motor fuel taxes	68	671,285				671,353
Other taxes	579,999	100,358			\$ 1,330,649	2,011,006
Federal government	1,639,382	2,128,822	\$ 10,102	\$ 3,620	14,781	3,796,707
Licenses and fees	54,310	630,696	140		47	685,193
Interest and other investment income	131,470	32,556	13,790	15	10,718	188,549
Other	44,801	285,369		11,549	253,819	595,538
Total revenues	9,569,712	4,541,100	24,032	15,184	1,610,014	15,760,042
Expenditures:						
Current:						
Education	3,007,925	613,583		16,858		3,638,366
Health and social services	2,810,023	365,877			1,699	3,177,599
Social assistance	1,412,349	206,398			921,807	2,540,554
General government	547,923	1,367,142		26,593	6,474	1,948,132
Transportation	13,921	1,746,747		155,966		1,916,634
Public protection and justice	635,535	95,922		14	2,074	733,545
Natural resources and recreation	94,719	69,304		47,208		211,231
Debt service:						
Principal	9,510	9,185	206,500		31	225,226
Interest	96,798	21,764	260,745			379,307
Capital outlays	85,692	65,575		111,465	2	262,734
Total expenditures	8,714,395	4,561,497	467,245	358,104	932,087	15,033,328
Excess (deficiency) of revenues over expenditures	855,317	(20,397)	(443,213)	(342,920)	677,927	726,714
Other sources (uses) of financial resources:						
Proceeds from general and special obligation bond issues				561,419		561,419
Proceeds from general and special obligation refunding bond issues			197,920	60,628		258,548
Operating transfers-in	614,888	1,041,655	462,237	1,706	500	2,120,986
Operating transfers-out	(1,754,130)	(769,437)	(1,405)	(12,120)	(8,092)	(2,545,184)
Other financing sources	14,336	21,964				36,300
Payments to refunded bond escrow agent			(197,920)	(60,628)		(258,548)
Net other sources (uses) of financial resources	(1,124,906)	294,182	460,832	551,005	(7,592)	173,521
Excess (deficiency) of revenues over expenditures and net other sources (uses) of financial resources	(269,589)	273,785	17,619	208,085	670,335	900,235
Fund balances (deficit), July 1, 1985 . . .	18,687	762,309	123,542	114,175	(917,957)	100,756
Residual equity transfers, net	(10,219)					(10,219)
Fund balances (deficits), June 30, 1986	\$ (261,121)	\$ 1,036,094	\$ 141,161	\$ 322,260	\$ (247,622)	\$ 990,772

The accompanying notes to the financial statements are an integral part of this statement.

Combined Statement Of Revenues,
Uses Of Financial Resources And
Budget And Actual (Non-GAAP)



STATE OF ILLINOIS
**Combined Statement of Revenues, Expenditures, Other
Sources and Uses of Financial Resources and Changes
in Budgetary Fund Balances-Budget and Actual (Non-GAAP)
All Budgeted Fund Groups (See Note 3)**
For the Year Ended June 30, 1986
(Expressed in Thousands)

General Purpose Funds			
	Final Budget	Actual	Variance Over (Under)
Revenues:			
Income taxes	\$ 3,400,000	\$ 3,566,689	\$ 166,689
Sales taxes	3,287,000	3,247,314	(39,686)
Motor fuel taxes	—	91	91
Public utility taxes	725,000	635,931	(89,069)
Federal government	1,506,748	1,480,380	(26,368)
Other	813,000	769,361	(43,639)
Less:			
Refunds	494,145	488,919	(5,226)
Total revenues	9,237,603	9,210,847	(26,756)
Expenditures:			
Current:			
Education	3,853,411	3,836,625	(16,786)
Health and social services	2,903,215	2,771,466	(131,749)
General government	658,642	634,487	(24,155)
Transportation	14,840	13,846	(994)
Social assistance	1,445,114	1,409,183	(35,931)
Public protection and justice	652,338	635,750	(16,588)
Natural resources and recreation	101,263	97,269	(3,994)
Debt service:			
Principal	33,900	32,961	(939)
Interest	102,937	99,453	(3,484)
Capital outlays	9,765,660	9,531,040	(234,620)
Total expenditures	528,057	(320,193)	207,864
Excess (deficiency) of revenues over expenditures			
Other sources (uses) of financial resources:			
Proceeds from general and special obligation bond issues	2,075,301	2,323,207	247,906
Operating transfers-in	(2,263,221)	(2,200,294)	62,927
Operating transfers-out			
Budgetary funds-nonbudgeted accounts			
Excess (deficiency) of revenues over expenditures, other sources (uses) of financial resources and budgetary funds-nonbudgeted accounts	(715,977)	(197,280)	518,697
Budgetary fund balances (deficits), July 1, 1985, as previously reported	44,587	44,587	—
Reclassifications between budgetary/nonbudgetary funds-net			
Budgetary fund balances (deficits), July 1, 1985, as reclassified	44,587	44,587	—
Budgetary fund balances (deficits), June 30, 1986	\$ (671,390)	\$ (152,693)	\$ 518,697

The accompanying notes to the financial statements are an integral part of this statement.

Highway Funds			University Funds			Special State Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 349,270	\$ 432,402	\$ 83,132
						97,716	107,364	9,648
679,275	636,944	(42,331)				183,578	220,477	36,899
650,700	635,468	(15,232)	—	89	89	7,233	7,286	53
562,700	615,034	52,334	208,002	205,690	(2,312)	1,097,310	1,121,515	24,205
16,776	16,700	(76)	42	18	(24)	415	150	(265)
1,875,899	1,870,746	(5,153)	207,960	205,761	(2,199)	1,734,692	1,888,894	154,202
			194,362	187,294	(7,068)	36,603	33,819	(2,784)
						104,249	85,712	(18,537)
113,229	109,958	(3,271)				1,278,023	1,166,364	(111,659)
1,591,058	1,581,414	(9,644)				109,669	106,738	(2,931)
1,070	993	(77)	483	388	(95)	58,002	52,784	(5,218)
36,337	36,331	(6)				51,097	35,933	(15,164)
13,149	12,924	(225)	19,540	18,527	(1,013)	13,861	13,411	(450)
1,754,843	1,741,620	(13,223)	214,385	206,209	(8,176)	1,651,504	1,494,761	(156,743)
121,056	129,126	8,070	(6,425)	(448)	5,977	83,188	394,133	310,945
789,972	868,980	79,008				492,379	503,456	11,077
(862,513)	(929,525)	(67,012)				(816,472)	(807,077)	9,395
						23,682	23,682	—
48,515	68,581	20,066	(6,425)	(448)	5,977	(264,587)	66,830	331,417
109,588	109,588	—	(3,304)	(3,304)	—	177,859	177,859	—
109,588	109,588	—	(3,304)	(3,304)	—	177,859	177,859	—
158,103	\$ 178,169	\$ 20,066	\$ (9,729)	\$ (3,752)	\$ 5,977	\$ (86,728)	\$ 244,689	\$ 331,417

Bond Financed Funds			Debt Service Funds			Federal Trust Funds		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
\$ 33	\$ 33	\$ —	\$ 10,110	\$ 10,110	\$ —	\$ 1,342,378	\$ 1,287,583	\$ (54,795)
			11,771	12,374	603	15,907	111,838	95,931
						1,395	126	(1,269)
33	33	—	21,881	22,484	603	1,356,890	1,399,295	42,405
16,157	5,452	(10,705)				497,135	462,376	(34,759)
3,300	3,300	—				358,528	302,628	(55,900)
33,668	23,609	(10,059)				509,128	344,026	(165,102)
172,171	157,356	(14,815)				45,109	44,674	(435)
113	36	(77)				187,683	164,477	(23,206)
52,820	38,770	(14,050)				26,331	10,442	(15,889)
						44,104	31,470	(12,634)
			234,128	226,270	(7,858)			
137,475	119,082	(18,393)	255,271	249,782	(5,489)	1,000	—	(1,000)
415,704	347,605	(68,099)				6,985	4,719	(2,266)
(415,671)	(347,572)	68,099	489,399	476,052	(13,347)	1,676,003	1,364,812	(311,191)
			(467,518)	(453,568)	13,950	(319,113)	34,483	353,596
488,043	622,047	134,004	197,920	197,920	—			
—	1,706	1,706	478,831	452,631	(26,200)	36,950	31,685	(5,265)
—	(1,706)	(1,706)				(550)	(1,150)	(600)
69,674	69,674	—	197,920	197,920	—	32,310	32,310	—
2,698	204,801	202,103	11,313	(937)	(12,250)	(315,023)	32,708	347,731
144,046	144,046	—	122,810	122,810	—	(43,438)	(43,438)	—
						(780)	(780)	—
144,046	144,046	—	122,810	122,810	—	(44,218)	(44,218)	—
\$ 146,744	\$ 348,847	\$ 202,103	\$ 134,123	\$ 121,873	(12,250)	(359,241)	(11,510)	347,731

Revolving Funds			State Trust Funds			Total (Memorandum Only)		
Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)	Final Budget	Actual	Variance Over (Under)
						\$ 3,749,270	\$ 3,999,091	\$ 249,821
						3,384,716	3,354,678	(30,038)
						679,275	637,035	(42,240)
						908,578	856,408	(52,170)
			\$ 150,916	\$ 139,186	\$ (11,730)	3,668,085	3,560,102	(107,983)
\$ 134,500	\$ 149,046	\$ 14,546	\$ 85,868	\$ 154,147	\$ 68,279	2,929,091	3,139,038	209,947
5	1	(4)				512,778	505,914	(6,864)
134,495	149,045	14,550	236,784	293,333	56,549	14,806,237	15,040,438	234,201
2,845	2,749	(96)	112,737	111,991	(746)	4,713,250	4,640,306	(72,944)
			1,166	49	(1,117)	3,370,458	3,163,155	(207,303)
148,187	132,505	(15,682)	48,803	45,480	(3,323)	2,789,680	2,456,429	(333,251)
699	688	(11)				1,933,546	1,904,716	(28,830)
17,235	11,642	(5,593)	25,524	24,285	(1,239)	1,659,874	1,599,326	(60,548)
			2,609	1,217	(1,392)	792,965	748,202	(44,763)
			4,585	4,327	(258)	253,869	207,769	(46,100)
						234,128	226,270	(7,858)
						290,171	282,743	(7,428)
3,838	3,297	(541)	4,001	3,682	(319)	301,786	275,095	(26,691)
172,804	150,881	(21,923)	199,425	191,031	(8,394)	16,339,727	15,504,011	(835,716)
(38,309)	(1,836)	36,473	37,359	102,302	64,943	(1,533,490)	(463,573)	1,069,917
						685,963	819,967	134,004
						3,873,433	4,181,665	308,232
			(35,879)	(31,220)	4,659	(3,978,635)	(3,970,972)	7,663
			65,324	65,324	—	388,910	388,910	—
(38,309)	(1,836)	36,473	(63,844)	5,758	69,602	(1,341,639)	178,177	1,519,816
(16,912)	(16,912)	—	40,949	40,949	—	576,185	576,185	—
			14,525	14,525	—	13,745	13,745	—
(16,912)	(16,912)	—	55,474	55,474	—	589,930	589,930	—
\$ (55,221)	\$ (18,748)	\$ 36,473	\$ (8,370)	\$ 61,232	\$ 69,602	\$ (751,709)	\$ 768,107	\$ 1,519,816

**Expenditures, Other Sources And
Changes In Budgetary Fund Balances
All Budgeted Fund Groups**



STATE OF ILLINOIS
**Combined Statement of Revenues, Expenses and Changes
in Retained Earnings/Fund Balances**
**All Proprietary Fund Types
and Pension Trust Funds**
For the Year Ended June 30, 1986
(Expressed in Thousands)

	Proprietary Fund Types	Fiduciary Fund Type	Total
	Enterprise	Internal Service Pension Trust	(Memorandum Only)
Operating revenues:			
Charges for sales and services	\$ 1,490,834	\$ 158,232	\$ 1,649,066
Contributions:			
Employer		\$ 468,473	468,473
Employee		421,984	421,984
Interest and other investment income	203,492	26	1,510,676
Other	1,869	464	125
Total operating revenues	1,696,195	158,722	2,404,258
Operating expenses:			
Costs of sales and services	108,031	121,732	229,763
Benefit payments and refunds		693,309	693,309
Prizes and claims	631,731		631,731
Interest	185,425	1,098	186,523
General and administrative	108,995	15,174	136,581
Depreciation	41,624	11,431	53,412
Other	5,416	1,579	7,711
Total operating expenses	1,081,222	151,014	1,939,030
Operating income	614,973	7,708	1,694,464
Nonoperating revenues	31,251	332	31,583
Nonoperating expenses	(2,297)	(45)	(2,342)
Income before operating transfers	643,927	7,995	1,694,464
Operating transfers-in	26,764	430	27,194
Operating transfers-out	(548,709)	(550)	(541,259)
Net income	129,982	7,875	1,694,464
Add depreciation on fixed assets acquired by capital grants that reduces contributed capital		991	991
Increase in retained earnings	129,982	8,866	1,694,464
Retained earnings/fund balances, July 1, 1985, as restated	617,241	27,279	7,857,130
Residual equity transfers, net	(3,120)		(3,120)
Retained earnings/fund balances, June 30, 1986	\$ 744,103	\$ 36,145	\$ 9,551,594

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS
Combined Statement of Changes in Financial Position
All Proprietary Fund Types and
Pension Trust Funds
For the Year Ended June 30, 1986
(Expressed in Thousands)

	Proprietary Fund Types Enterprise	Internal Service	Fiduciary Fund Type Pension Trust	Total (Memorandum Only)
Sources of working capital:				
Operations:				
Net income	\$ 129,982	\$ 7,875	\$ 1,694,464	\$ 1,832,321
Items not requiring working capital:				
Depreciation	41,624	11,431	357	53,412
Other	39	23	37	99
Working capital provided by operations	171,645	19,329	1,694,858	1,885,832
Proceeds from sale of revenue bonds and other long-term obligations	572,293	22,375		594,668
Contributed capital	10,250	381		10,631
Other	322,886	117		323,003
Total sources of working capital	1,077,074	42,202	1,694,858	2,814,134
Uses of working capital:				
Acquisition of property, plant and equipment	75,646	28,893	706	105,245
Retirement of revenue bonds and long-term obligations	251,983	10,593		262,576
Other, primarily net increase in mortgage and construction loans receivable	588,852	148		589,000
Total uses of working capital	916,481	39,634	706	956,821
Net increase in working capital	\$ 160,593	\$ 2,568	\$ 1,694,152	\$ 1,857,313
Elements of net increase in working capital:				
Cash and cash equivalents	\$ (50,241)	\$ 5,589	\$ (909)	\$ (45,561)
Investments, current portion	182,235		1,697,740	1,879,975
Receivables	7,939	257	7,410	15,606
Due from other funds	(421)	6,018	(2,270)	3,327
Inventories	(1,299)	479		(820)
Prepaid expenses	212	(9)		203
Accounts payable and accrued liabilities	6,303	(5,558)	(7,696)	(6,951)
Intergovernmental payables	9,514	(5)		9,509
Due to other funds	13,009	65	(143)	12,931
Deferred revenue	(6,422)	(501)		(6,923)
Other liabilities	7,699	(3,767)	20	3,952
Liabilities payable from restricted assets	(7,935)			(7,935)
Net increase in working capital	\$ 160,593	\$ 2,568	\$ 1,694,152	\$ 1,857,313

The accompanying notes to the financial statements are an integral part of this statement.

STATE OF ILLINOIS
Combined Statement of Changes in Fund Balances
University and College Fund Type
For the Year Ended June 30, 1986
(Expressed in Thousands)

	Current Funds			Endowment and Similar Funds
	Unrestricted	Restricted	Loan Funds	
Revenues and other additions:				
Unrestricted current fund revenues	\$ 728,892			
Federal and local grants and contracts-restricted		\$ 248,166	\$ 1,797	
State grants and contracts-restricted		30,418		
Other State sources		122		
Private gifts, grants and contracts-restricted		77,887	532	\$ 1,853
Investment income		6,323	551	51
Realized gain on investments-restricted (net)				1,676
Interest and fees on loans receivable			1,317	
Expended for plant facilities:				
Current funds				
Plant funds				
Other				
Retirement of long-term obligations				
Other	4,984	1,342	1,058	8
Total revenues and other additions	733,876	364,258	5,255	3,588
Expenditures and other deductions:				
Educational and general expenditures	1,294,363	337,496		25
Auxiliary enterprises expenditures	212,740	667		
Hospital expenditures	127,945	12		
Independent operations expenditures	6,226			
Foundation expenditures				
Indirect costs recovered		41,530		
Refunds of grants and adjustments to grants		289	64	
Loan cancellations and write-offs			1,099	
Change in allowance for uncollectible notes			55	
Administrative and collection cost			686	
Expended for plant facilities (including noncapitalized expenditures of \$11,975)	1,739			
Retirement of long-term obligations				
Disposal of plant facilities				
Other	289	355	10	23
Total expenditures and other deductions	1,643,302	380,349	1,914	48
Transfers-additions (deductions):				
Mandatory:				
Retirement of long-term obligations	(29,227)	(6,781)		
Student loan matching grants	(286)	61	225	
Renewals and replacements	(7,531)			
Other	(523)	351		
Nonmandatory:				
Transfers-in from State treasury funds	922,884	16,139		
Transfers-out to State treasury funds		(760)		
Other	(5,420)	10,812	(524)	559
Total transfers	879,897	19,822	(299)	559
Net increase (decrease)	(29,529)	3,731	3,042	4,099
Fund balances, July 1, 1985	37,679	64,839	56,972	31,729
Fund balances, June 30, 1986	\$ 8,150	\$ 68,570	\$ 60,014	\$ 35,828

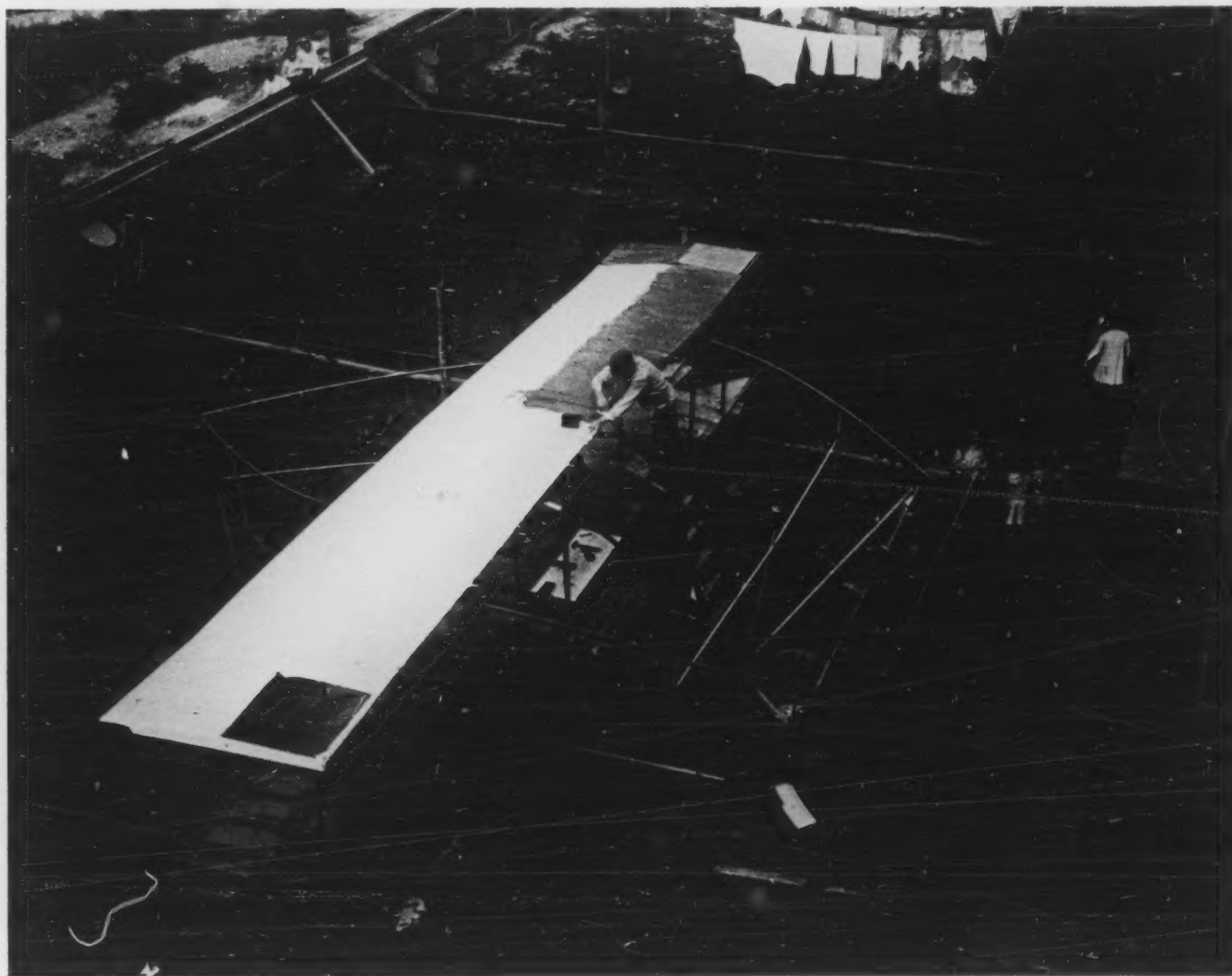
The accompanying notes to the financial statements are an integral part of this statement.

Plant Funds					
Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment In Plant	Foundations	Total
\$ 700		\$ 202	\$ 868	\$ 18,962	\$ 747,854
930	\$ 2,194		61,473		251,733
1,053	13	1,081	5,458	40,249	30,418
5,619	1,172	274		7,813	64,719
66				7,011	128,126
					21,803
					8,753
					1,317
			104,120	28	104,148
			26,021	300	26,321
			22,459	52	22,511
			106,870	143	107,013
75,552	5,891	26,876	4,481	2,673	122,865
83,920	9,270	28,433	331,750	77,231	1,637,581
79					1,631,963
	123				213,530
					127,957
					6,226
				26,713	26,713
					41,530
					353
					1,099
					55
					686
20,106	9,958		8,035	150	39,988
		62,547	15,495	143	78,185
			17,043		17,043
52,401	140	199	113,556	593	167,566
72,586	10,221	62,746	154,129	27,599	2,352,894
(2,824)		38,826	6		—
(67)	7,627	(29)			—
272			(100)		—
					939,023
					(760)
14,751	1,380	1,633	(8,232)	(14,959)	—
12,132	9,007	40,430	(8,326)	(14,959)	938,263
23,466	8,056	6,117	169,295	34,673	222,950
3,895	22,912	28,438	2,448,233	118,706	2,813,403
\$ 27,361	\$ 30,968	\$ 34,555	\$ 2,617,528	\$ 153,379	\$ 3,036,353

STATE OF ILLINOIS
Combined Statement of University and College Current Funds
Revenues, Expenditures and Other Changes
For the Year Ended June 30, 1986
(Expressed in Thousands)

	Unrestricted	Restricted	Total
Revenues:			
Tuition and fees	\$ 268,291	\$ 24,917	\$ 293,208
Federal and local grants and contracts	35,818	170,267	206,085
State grants and contracts	1,826	27,944	29,770
Private gifts, grants and contracts	5,039	40,562	45,601
Investment income	3,247	2,638	5,885
Sales and services	377,239	2	377,241
Other	37,432	48,403	85,835
Total revenues	728,892	314,733	1,043,625
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	554,400	52,443	606,843
Research	57,823	146,548	204,371
Public service	61,361	55,686	117,047
Academic support	167,700	6,850	174,550
Student services	70,128	3,606	73,734
Institutional support	176,517	3,960	180,477
Operation and maintenance of plant	167,283	1,763	169,046
Scholarships and fellowships	39,151	66,640	105,791
Total educational and general	1,294,363	337,496	1,631,859
Auxiliary enterprises	212,740	667	213,407
Hospitals	127,945	12	127,957
Independent operations	6,226		6,226
Total expenditures	1,641,274	338,175	1,979,449
Mandatory transfers:			
Retirement of long-term obligations	29,227	6,781	36,008
Student loan matching grants	286	(61)	225
Renewals and replacements	7,531		7,531
Other	367	(351)	16
Total mandatory transfers	37,411	6,369	43,780
Total expenditures and mandatory transfers	1,678,685	344,544	2,023,229
Operating transfers and additions (deductions):			
Transfers-in from State treasury funds	922,884	16,139	939,023
Transfers-out to State treasury funds		(760)	(760)
Other transfers	(5,680)	10,824	5,144
Excess of restricted receipts over transfers to revenue		7,983	7,983
Other additions (deductions)	3,060	(644)	2,416
Total operating transfers and additions	920,264	33,542	953,806
Total increase (decrease) in fund balances	\$ (29,529)	\$ 3,731	\$ (25,798)

The accompanying notes to the financial statements are an integral part of this statement



Curtiss "Pusher" design built by Mair in his back yard. Chicago, 1910
(Chicago Historical Society)

Notes To The Financial Statements

STATE OF ILLINOIS
June 30, 1986

I. Significant Accounting Principles and Policies:

A. Basis of Presentation— The accompanying financial statements of the State of Illinois have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board ("GASB"). The financial statements of the university and college funds have been prepared in conformity with generally accepted accounting principles for universities and colleges.

B. Financial Reporting Entity —For financial reporting purposes, in conformance with National Council on Governmental Accounting ("NCGA") Statement 3, as recognized by GASB Statement 1, the State of Illinois includes all funds, account groups, elected offices, departments and agencies of the State, as well as boards, commissions, authorities, universities and colleges over which the State's executive or legislative branches exercise oversight responsibility. Oversight responsibility was defined to include the following considerations: selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, the scope of an organization's public service, and/or special financing relationships.

Based on the application of the NCGA Statement 3 criteria, the following organizations meet the oversight criteria and are included in the accompanying financial statements:

Financing Authorities

Illinois Building Authority
Illinois Development Finance
Authority
Illinois Educational Facilities
Authority
Illinois Export Development
Authority
Illinois Farm Development
Authority
Illinois Health Facilities
Authority
Illinois Housing Development
Authority
Illinois Independent Higher Education
Loan Authority

Universities and Colleges

State-owned Universities and
Colleges and their related
Foundations and Associations

Retirement Systems

The General Assembly Retirement System
The Judges' Retirement System of
Illinois
State Employees' Retirement
System of Illinois
Teachers' Retirement System of
the State of Illinois
State Universities Retirement
System

Others

Illinois State Toll Highway Authority
Bureau of Liquidations,
Conservations and Rehabilitations
Medical Center Commission
Illinois State Scholarship Commission

The following organizations have been determined not to be part of the reporting entity after applying the manifestations of oversight, scope of public service, or special financing relationships criteria of NCGA Statement 3 and are therefore excluded from the accompanying financial statements because the State does not control the assets, operations or management of the respective entities:

Local Governments and Special Purpose Districts

Illinois Port Districts
Regional Planning Commissions
Local Civic Center Authorities
Regional Transportation Authority
Metropolitan Fair and Exposition
Authority

Local government pension funds
including:
Chicago Teachers' Pension
Retirement System
Illinois Municipal Retirement Fund
Locally controlled community
colleges.

C. Fund Accounting—The financial activities of the State are organized on a basis of individual funds and account groups, each of which is a separate accounting entity segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

The financial activities of the State accounted for in the accompanying financial statements have been classified into the following fund categories and account groups:

Governmental Fund Types

General—Transactions related to resources obtained and used for those services traditionally provided by a state government, which are not required to be accounted for in other funds, are accounted for in the General Fund. These services include, among others, social assistance, education (other than institutions of higher education), and health and social services. Certain resources obtained from federal grants and used to support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements. The State's General Fund contains two primary sub-accounts (General Revenue and Common School) with numerous secondary sub-accounts.

Special Revenue—Transactions related to resources obtained from specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes are accounted for in special revenue funds. Special revenue funds account for, among others, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

Debt Service—Transactions related to resources obtained and accumulated to pay interest and principal on general long-term obligations (other than capital leases, compensated absences, and unfunded retirement costs) are generally accounted for in debt service funds.

Capital Projects—Transactions related to resources obtained and used for the acquisition or construction of major capital facilities including those provided to political subdivisions and other public organizations, which are charged to expenditures (other than those financed by proprietary, fiduciary, and university and college fund types) are accounted for in capital projects funds. Such resources are derived principally from proceeds of general obligation bond issues, federal grants, and operating transfers from the General Fund.

Proprietary Fund Types

Enterprise—Enterprise funds account for operations where the intent of the State is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic measurement of the results of operations is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service—Internal service funds account for the operations of State agencies which render services and provide goods to other State agencies or governmental units on a cost-reimbursement basis.

Fiduciary Fund Types

Trust —

Expendable —Expendable trust funds account for assets held by the State in a trustee capacity where the principal and income may be expended in the course of the funds' designated operations.

Pension —Pension trust funds account for transactions, assets, liabilities and net assets available for plan benefits of the various State public employee retirement systems.

Agency —Agency funds account for the various taxes, deposits, deductions, and property collected by the State, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

University and College Fund Type

University and college funds account for the operations of State universities and colleges, including their foundations and associations, in accordance with existing authoritative accounting and reporting principles applicable to universities and colleges. Accordingly, the University and College Fund Type is an aggregation of the following funds:

Current —Current funds account for economic resources of the institution which are expendable for any purpose in performing the primary objectives of the institution and which have not been designated by the governing body for any other purpose. Resources restricted for specific current operating purposes by a donor or other external agency are accounted for as restricted current funds.

Loan —Loan funds account for resources available for loans to students, staff and faculty.

Endowment and Similar —Endowment and similar funds are similar to trust funds in that they must be administered in accordance with the terms of the applicable agreement.

Plant —Plant funds consist of resources available to acquire or repair institutional properties, to service debt incurred to acquire such properties and the cost of fixed assets and the sources from which the cost is funded, including associated liabilities. The plant funds resources and activities are accounted for in four subgroups which are unexpended, renewals and replacements, retirement of indebtedness and investment in plant.

Agency —Agency funds consist of funds held by the institution acting in the capacity of an agent, for distribution to designated beneficiaries.

Foundations —Foundations and associations have been established to promote and serve the interests and welfare of their respective universities.

Account Groups

General Fixed Assets —General fixed assets acquired or constructed for use by the State in the conduct of its activities, other than those accounted for in proprietary, fiduciary and university and college fund types are accounted for in the General Fixed Assets Account Group.

General Long-Term Obligations —Unmatured general obligation bonds, unfunded retirement costs, and other long-term obligations not recorded in proprietary, fiduciary and university and college fund types are recorded in the General Long-Term Obligations Account Group.

D. Basis of Accounting —

Governmental Fund Types and Expendable Trust and Agency Funds —The accounts of the general, special revenue, debt service, capital projects, expendable trust and agency funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available to finance operations during the year or liquidate liabilities existing at the end of the year; expenditures and liabilities are recognized upon receipt of goods and services. Significant revenue sources which are susceptible to accrual include individual and corporate income taxes, sales taxes, public utility taxes and motor fuel taxes. Modifications to the accrual basis of accounting include:

- Self assessed taxes, principally income, excise and wealth taxes, are recognized as receivables and revenues in the period to which they apply subject to their availability.
- Fines, penalties, licenses and other miscellaneous revenues are recognized when received since they normally are only measurable at that time.
- Interest on long-term obligations reflected in the General Long-Term Obligations Account Group is recognized in the debt service funds when it becomes payable.

Proprietary Fund Types and Pension Trust Funds —The accounts of the enterprise, internal service, and pension trust funds are reported using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

University and College Fund Type —The accounts of the university and college funds are reported using the accrual basis of accounting with the following exceptions:

- Depreciation expense related to plant fund assets generally is not recorded.
- Revenues and expenditures of an academic term encompassing more than one fiscal year are solely reported in the fiscal year in which the program is predominantly conducted.

E. Eliminations —Eliminations have been integrated into the report only to eliminate the duplicate activities of certain funds and intrafund accounts which would significantly overstate the financial position within the related fund type.

F. Total (Memorandum Only) Columns —Total columns represent an aggregation of the fund type and account group financial statements. They are presented for information only and do not represent consolidated financial information.

G. Budgetary Process —The State Constitution requires the Governor to prepare and submit to the General Assembly an Executive budget for the ensuing fiscal year. The budget covers most funds held by the State, but excludes all locally held funds and various Treasury held funds which are not subject to appropriation pursuant to State law. The General Assembly enacts the budget through the passage of specific line-item appropriations (i.e., personal services, contractual services, equipment, etc.), the sum of which must not exceed estimated revenues pursuant to the State Constitution. The Governor has the power to approve, reduce or veto each appropriation passed by the General Assembly. Transfers in/out contained in the Executive budget are not a part of the General Assembly's appropriation process. The actual amounts are determined either by State law or by discretionary action available to the Governor. The Comptroller's Uniform Statewide Accounting System (CUSAS) controls expenditures by line-item as established in approved appropriation bills and the level of legal control is reported in a publication titled *A Detailed Report of Expenditures and Revenues*. A separate document is necessary since the State has over 6,500 appropriated line items.

Notes

Administrative transfers between certain appropriation line-items within the same treasury-held fund cannot exceed 2% of the aggregate amount appropriated to an agency from that fund. Legislative action is required for more substantial transfers.

Unexpended appropriations are available for subsequent expenditure to the extent that encumbrances have been incurred at June 30, provided they are presented for payment during the succeeding 90 day "lapse period." Certain appropriations referred to as "reappropriations" represent the continuation of a prior year's program which requires additional time for completion.

Budget revenues in the accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances—Budget and Actual (Non-GAAP) represent original estimates, while budgeted expenditures represent original appropriations modified by supplemental and amendatory appropriations aggregating \$414 million. Budgets are essentially on the cash basis, modified for expenditures during the lapse period (beginning and end of year) as described in the preceding paragraph.

CUSAS establishes the following budgetary fund groups to account for the State's budgetary activities:

General Purpose—funds established to account for those services traditionally provided by a state government which are not required to be accounted for in other funds.

Highway—funds established to receive and distribute assessments related to transportation, and to support the construction and maintenance of transportation facilities and activities of the State.

University—funds established to receive revenues such as fees, tuition and excess income from auxiliary enterprises at State-supported institutions of higher education.

Special State—funds designated by statute as special funds in the State Treasury and not elsewhere classified.

Bond Financed—funds established to receive and administer the proceeds of various bond issues of the State.

Debt Service—funds established to finance and account for the payment of principal redemption and interest generally associated with the general obligation bond issues of the State.

Federal Trust—funds established pursuant to grants and contracts between State agencies and the federal government.

Revolving—funds established to finance and account for intra-governmental services.

State Trust—funds established by statute or under statutory authority for nonfederal programs which are not deemed to be a traditional governmental activity or elsewhere classified.

H. Cash Equivalents—Cash equivalents consist principally of certificates of deposit, repurchase agreements and U.S. treasury bills, and are stated at cost which approximates market value.

I. Investments—Investments, except the State's Deferred Compensation Fund which is stated at market value, are stated on the basis of cost. Investment income is recorded as revenue in the General Fund, except for resources of retirement systems and certain other individual funds which are statutorily authorized to be separately invested and specifically credited with the income realized thereon.

J. Inventories—Inventories are valued at the lower of cost or market, principally on the first-in, first-out and the consumption method.

Notes

K. Interfund Transactions—The State has the following types of interfund transactions:

Quasi-external transactions—Charges for services rendered by one fund to another that are treated as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

Reimbursements—Reimbursement of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund.

Residual Equity Transfers—Nonroutine or nonrecurring transfers between funds are reported as additions to or deductions from fund equity.

Operating Transfers—Legally authorized transfers other than residual equity transfers are reported as operating transfers.

L. Property, Plant and Equipment —

General Fixed Assets—General fixed assets are recorded at cost or, for donated assets, at fair market value at date of acquisition. Fixed asset records are used by the State primarily to assure accountability. Historical cost records for certain general fixed assets are incomplete or not available. Accordingly, estimated historical costs have been used. Public domain (infrastructure) general fixed assets such as highways, curbs, bridges, and lighting systems are not capitalized. Depreciation is not provided on general fixed assets nor is interest expenditure incurred during the construction period capitalized.

Proprietary and Fiduciary Fund Types—Property, plant and equipment are stated at cost or, for donated assets, at fair market value at date of acquisition. It is the State's policy to capitalize interest expense incurred on significant assets during their construction. Generally, property, plant and equipment, excluding land, are depreciated on the straight-line method over the estimated service lives of the respective assets as follows:

	<u>Years</u>
Land improvements	20-50
Buildings and building improvements	20-50
Equipment	3-10

University and College Fund Type—Property, plant and equipment are recorded at cost or, for donated assets, at fair market value at date of acquisition. Generally, public domain (infrastructure) assets such as streets, sidewalks, lighting systems and curbs are not capitalized. Depreciation generally is not provided on property, plant and equipment.

M. Retirement Costs—Substantially all State employees, including members of the General Assembly and Judicial Branch, participate in one of three State public employee retirement systems (see Note 10). The State also maintains and funds public employee retirement systems for employees of the various State supported universities and colleges, and for public school teachers in cities other than Chicago. It is the State's policy to fund retirement costs without regard to amounts calculated under the provisions of Accounting Principles Board (APB) Opinion No. 8 and, based on actuarial consultations, generally with the exception of the last five years, fund amounts at least as great as the retirement benefits payable during the year.

Effective July 1, 1980 the State prospectively adopted the provisions of Accounting Principles Board (APB) Opinion No. 8 to determine pension expense. Accordingly, calculated pension expense comprises normal cost plus interest on unfunded prior service cost and amortization of prior service costs over forty years. For the period of change and subsequent years, the excess of pension expense so calculated over amounts funded represent long-term obligations of the State and have been reflected in the General Long-Term Obligations Account Group.

N. Compensated Absences—The amounts of unpaid vacation and sick leave accumulated by State employees are accrued as expenses when incurred in proprietary funds, which use the accrual basis of accounting. In the governmental funds, only the amounts that normally would be liquidated with expendable available financial resources are accrued as current-year expenditures. The State uses the last-in, first-out method of recognizing the use of compensated absences. Employees are charged for the last day of compensated vacation or sick leave earned when the compensated leave is used. Thus, unless it is anticipated that compensated absences will be used in excess of a normal year's accumulation, no additional expenditures are accrued. Therefore, the entire unpaid liability for the governmental funds is recorded in the General Long-Term Obligations Account Group.

O. Encumbrances—The State employs encumbrance accounting for all governmental fund types. All contracts, purchase orders and other commitments for goods or services that have not been received/rendered by June 30 are reported as reservations of fund balances, not as expenditures.

P. Reservations/Designations of Fund Equity —

Reservations

Governmental and Fiduciary Fund Types—Fund balances of governmental and fiduciary fund types which are legally restricted to a specific future use or that are not available for appropriation or expenditure are reported as reservations of fund balances.

University and College Fund Type—Fund balances of university and college funds which are legally restricted by outside sources to specific future use are reported as reservations of fund balances.

Proprietary Fund Types—Reserved retained earnings of the proprietary funds are legally restricted for the payments of capital maintenance and debt service related to revenue bonds and bond anticipation notes and for other purposes.

Designations

Designations of unreserved fund balances in governmental, fiduciary and university and college fund types indicate the State's plan for use of financial resources in future periods.

Q. Risk Management—Insurance in force on State owned assets is limited except for certain university facilities. Further, the State makes no provision for anticipated losses in the event of involuntary conversions. The State has had no problem in meeting any losses sustained from its current resources in the past, even though no insurance coverage is purchased.

R. Grants—Federal grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. All other federal reimbursement type grants are recorded as revenues when the related expenditures or expenses are recorded. Uses of grant resources are conditioned upon compliance with terms of the grant agreements and applicable federal regulations which include the grants being subject to financial and compliance audits.

2. Restatements and Reclassifications:

The State has elected early compliance with Governmental Accounting Standards Board, Statement 2 "Financial Reporting of Deferred Compensation Plans Adopted under the Provisions of Internal Revenue Code Section 457," issued in January, 1986 which requires deferred compensation plan to be displayed in an Agency fund of the governmental employer that has legal access to the resources. The accompanying combined balance sheet at June 30, 1986 reflects the plan assets aggregating \$102.3 million with a corresponding liability to participating employees for deferred compensation and accumulated net earnings thereon in the Agency funds.

In order to (1) comply with Statement 2, and (2) to reclassify the remaining nonexpendable trust fund as an enterprise fund to reflect its measurement focus, the following restatement and reclassification (amounts expressed in thousands) were made as of the beginning of the fiscal year.

	Fund Types	
	Nonexpendable Trust	Enterprise
Retained earnings/fund balances at June 30, 1985, as previously reported	\$ 75,924	\$ 616,896
Changes in Fund Classification:		
Nonexpendable Trust to Agency	(75,579)	
Nonexpendable Trust to Enterprise	(345)	345
Retained earnings/fund balances at July 1, 1985, as restated	\$ —	\$ 617,241

In addition, the State's 1986 financial statements include the assets and liabilities (\$577.021 million as of July 1, 1985 and \$617.049 million as of June 30, 1986) of the Security Performance Fund, as an agency fund in which collateral is deposited by State banks with the Commissioner of Banks and Trusts to protect depositors and creditors of the banks, which were inadvertently omitted in prior years.

Notes

3. Budgetary Basis Vs. GAAP:

The accompanying Combined Statement of Revenues, Expenditures, Other Sources and Uses of Financial Resources and Changes in Budgetary Fund Balances-Budget and Actual (Non-GAAP). All Budgeted Fund Groups, presents comparisons of the legally adopted budget (more fully described in Note 1G) with actual data on a budgetary basis. Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation (amounts expressed in thousands) of resulting basis, perspective, entity and timing differences in the excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources for the year ended June 30, 1986 is presented below:

Budgetary Fund Groups	General Purpose	Highway	University	Special State
Financial Statement Fund Types	General		University and College	Special Revenue
Excess (deficiency) of revenues over expenditures and other sources (uses) of financial resources (budgetary basis)	\$ (197,280)	\$ 68,581	\$ (448)	\$ 66,830
Adjustments:				
To adjust revenues, related receivables and deferred revenue	111,884	37,332		487,181
To adjust expenditures/expenses and related liabilities	(188,620)	36,027		(514,742)
To adjust for lapse period expenditures which were not recorded as liabilities	4,589	2,429		(8,128)
Excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources (GAAP basis)—budgetary classifications	(269,427)	144,369	(448)	31,141
Reclassifications and adjustments:				
To reclassify excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources into financial statement fund types		(144,369)	(360)	240,913
To record excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources for nonbudgeted funds and accounts	(162)		223,758	1,731
Excess (deficiency) of revenues over expenditures/expenses and other sources (uses) of financial resources (GAAP basis)	\$ (269,589)	\$ —	\$ 222,950	\$ 273,785

Notes

Bond Financed Capital Projects	Debt Service Debt Service	Federal Trust	Revolving Funds Internal Service	State Trust	Enterprise	Expendable Trust
\$ 204,801	\$ (937)	\$ 32,708	\$ (1,836)	\$ 5,758		
(4)	25,465	75,360	7,734	(7,768)		
3,204	(6,957)	(6,691)	2,641	3,161		
4		6,002		7,738		
208,005	17,571	107,379	8,539	8,889		
80		(107,379)		(8,889)	\$ 19,482	\$ 522
	48		(664)		110,500	669,813
\$ 208,085	\$ 17,619	\$ —	\$ 7,875	\$ —	\$ 129,982	\$ 670,335

Notes

4. Investments:

Investments (amounts expressed in thousands), of which \$9,411 million is attributable to the Pension Trust Funds (see Note 10), at June 30, 1986 consisted of the following:

	Fund Types					Universities and Colleges
	General	Debt Service	Enterprise	Trust	Agency	
U.S. Treasury and agency obliga- tions.....		\$ 18,110	\$ 720,743	\$ 2,532,471	\$ 106,849	\$ 121,874
Commercial paper.....				293,070		24,988
Corporate equity securities.....				4,286,446		52,177
Corporate debt securities.....				1,816,590		13,204
Other.....	\$ 56,185			483,004	101,522	14,501
	\$ 56,185	\$ 18,110	\$ 720,743	\$ 9,411,581	\$ 208,371	\$ 226,744

Market value for all of these investments approximates cost with the exception of the trust funds where market value approximates \$10,723 million.

The State Treasurer is the custodian of the general funds of the State. Most of the Treasurer's investments at June 30, 1986, are short-term due to his responsibility to keep funds "liquid" to reimburse banks for warrants paid. Therefore, short-term time deposits of \$1,265 million, certificates of deposit of \$56 million, repurchase agreements of \$938 million, commercial paper of \$206 million and U.S. Treasury obligations totaling \$9 million are not included in the general fund investments above but are rather included as cash and cash equivalents in the combined balance sheet.

Collateral equal to at least 100 percent of the amount of the deposit not covered by federal deposit insurance is required for all time deposits and other interest-bearing deposits. Securities which may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit was made. Written custodial agreements are required that provide, among other things, that the collateral securities are held separate from the assets of the custodial bank. The Treasurer determines that the collateral has a market value adequate to cover the deposit prior to placing the deposit and monthly thereafter.

Repurchase agreements are purchased from various banks and brokerage firms located in the State. Securities pledged as collateral to secure these agreements are required to have a market value equal to the cost of the repurchase agreement plus accrued interest. The Treasurer accepts only U.S. Government and Federal agency securities as collateral for repurchase agreements. All securities pledged to secure repurchase agreements are required to be delivered to a bank other than the institution from whom the investment was acquired except for those repurchase agreements purchased from five large banks who hold their own collateral. Effective July 1, 1986 all financial institutions are required to deliver pledged securities to a custodial bank. A written custodial agreement with the bank who holds the Treasurer's repurchase agreement collateral requires, among other things, that the collateral securities are held separate from the assets of the bank.

Notes

General fund investments of \$56.2 million which are classified as "Other" consist of the investment by the State in the Illinois Insured Mortgage Pilot Program, a construction incentive program created in October 1982.

Pension trust funds investments as of June 30, 1986 consist of the portfolios of the State's five retirement systems. Three of the retirement systems (General Assembly, Judges' and State Employees') pool their resources for investment while the other two (Teachers' and State Universities) invest their resources under an investment master trustee arrangement with individual investment managers.

Agency fund investments consist of State Employees' Deferred Compensation Fund investments (\$101.5 million) and Deferred Lottery Prize Winner's Fund investments (\$106.8 million). Deferred compensation investments are reported at market value which approximates cost, adjusted for accretion of discount, and are primarily mutual funds and guaranteed interest contracts.

State universities and colleges have independent authority to invest their funds which are held outside the State Treasury.

5. Taxes Receivable:

Taxes receivable (amounts expressed in thousands) at June 30, 1986 consisted of the following:

	Fund Types			
	General	Special Revenue	Expendable Trust	Agency
Income taxes	\$ 158,056	\$ 27,808		
Sales taxes	163,128	6,693		\$ 63,844
Motor fuel taxes		57,336		
Public utility taxes	41,757	35		7,067
Unemployment compensation taxes			\$ 338,814	
Other taxes	36,106	4,983		518
	\$ 399,047	\$ 96,855	\$ 338,814	\$ 71,429

Notes

6. Due From/To Other Funds:

The following balances (amounts expressed in thousands) at June 30, 1986 represent due from/to balances among all funds.

Fund Type/Fund	Due From	Due To
General	\$ 109,917	\$ 189,980
Special Revenue:		
State Construction Account	33,405	54
Local Government Distributive Fund	25,823	
Public Transportation Fund	23,837	
Motor Fuel Tax Fund	21,242	37,450
Road Fund	15,263	21,113
Unemployment Compensation Special Administration Fund	5,480	14
Downstate Public Transportation Fund	5,369	1,483
Title III Social Security and Employment Services Fund	3,966	3,443
Personal Property Tax Replacement Fund		61,686
Special Purposes Trust Fund	77	5,315
State Scholarship Commission Student Loan Fund		2,578
Coal Technology Development Assistance Fund	998	2,342
Other funds	8,887	10,936
	144,347	146,414
Debt Service	1,200	1,200
Capital Projects		258
Enterprise:		
State Lottery Fund		14,077
Housing Development Authority-Administrative Fund	5,846	58
State Scholarship Commission-Designated Account Purchase Program Fund	2,155	87
Housing Development Authority-Mortgage Loan Program Fund	55	5,259
State Toll Highway Authority Fund	6	2,267
Other funds	321	814
	8,383	22,562
Internal Service:		
Communications Revolving Fund	20,740	127
Statistical Services Revolving Fund	7,695	190
State Garage Revolving Fund	4,516	146
Other funds	2,896	195
	35,847	658
Trust and Agency:		
Expendable Trust -		
Illinois Unemployment Compensation Trust Fund	\$ 2,297	\$ 5,480
Grain Indemnity Trust Fund		118
	2,297	5,598
Pension Trust -		
State Employees' Retirement System Fund	5,148	41
Other funds	1,833	166
	6,981	207
Agency -		
Social Security Contributions Fund	4,373	252
Group Insurance Premium Fund	1,122	19,270
Public Assistance Recoveries Trust Fund		8,588
Municipal Retailers' Occupation Tax Fund		2,789
Other funds	118	506
	5,613	31,405
Universities and Colleges:		
Current Unrestricted	77,960	6,789
Current Restricted	14,938	2,936
Foundations	4,453	701
Plant-Investment in Plant		2,877
Other funds	647	998
	97,998	14,301
	\$ 412,583	\$ 412,583

Notes

7. Loans and Notes Receivable:

Loans and notes receivable (amounts expressed in thousands) at June 30, 1986 consisted of the following:

	Fund Types				Total
	General	Special Revenue	Enterprise	University and College	
Mortgage loan program		\$ 155	\$ 1,152,276		\$ 1,152,431
Student loan program	\$ 136	157	132,813	\$ 68,403	201,509
Small business loan program		21,868			21,868
Port districts construction	17,029				17,029
School Building Commission construction	8,111				8,111
Other		1,863		123	1,986
	25,276	24,043	1,285,089	68,526	1,402,934
Less: Allowance for uncollectable accounts		11,908	19,586	15,291	46,785
Loans and notes receivable, net	\$ 25,276	\$ 12,135	\$ 1,265,503	\$ 53,235	\$ 1,356,149

Notes

8. Property, Plant and Equipment:

Property, plant and equipment (amounts expressed in thousands) at June 30, 1986 consisted of the following:

	General Fixed Assets Account Group	Fund Types				Universities and Colleges
		Enterprise	Internal Service	Trust		
Land and land improvements	\$ 350,442	\$ 1,092,409	\$ 335	\$ 495	\$ 155,468	
Buildings and building improvements	952,636	287	10,419	4,682	1,708,237	
Equipment	607,672	25,174	89,710	3,037	975,052	
Construction in progress	569,316	3,997			72,912	
	2,480,066	1,121,867	100,464	8,214	2,911,669	
Less: Accumulated depreciation		466,211	47,626	2,984		
	\$ 2,480,066	\$ 655,656	\$ 52,838	\$ 5,230	\$ 2,911,669	

Changes in general fixed assets (amounts expressed in thousands) for the year ended June 30, 1986 are presented below:

	Balance July 1, 1985	Additions	Deletions/Net Transfers	Balance June 30, 1986
Land and land improvements	\$ 342,868	\$ 7,903	\$ 329	\$ 350,442
Buildings and building improvements	861,937	10,482	(80,217)	952,636
Equipment	563,535	101,806	57,669	607,672
Construction in progress	651,160	60,146	141,990	569,316
	\$ 2,419,500	\$ 180,337	\$ 119,771	\$ 2,480,066

Construction in progress (amounts expressed in thousands) as of June 30, 1986 is composed of the following:

Project	Project Authorization	Expended through June 30, 1986	Committed	Available Authorization
General Fixed Assets Account Group-				
State of Illinois Center	\$ 171,302	\$ 170,399	\$ 874	\$ 29
Department of Revenue Building	69,999	67,218	821	1,960
Vienna Correctional Center	40,300	38,984	845	471
Galesburg Correctional Center	31,572	26,351	2,948	2,273
Danville Correctional Center	26,522	26,261	257	4
Illinois Beach Park	21,625	1,214	786	19,625
Sand Ridge Fish Hatchery	15,316	15,278	19	19
Other projects less than \$15 million	483,682	223,611	50,721	209,350
Total	\$ 860,318	\$ 569,316	\$ 57,271	\$ 233,731
Universities and Colleges-				
University of Illinois Microelectric Center	\$ 23,700	\$ 212	\$ 858	\$ 22,630
University of Illinois Veterinarian Medical Basic Science Building	23,503	23,467	1	35
University of Illinois Abbott Power Conversion	21,904	13,064	6,781	2,059
Other projects less than \$15 million	51,889	36,169	14,045	1,675
Total	\$ 120,996	\$ 72,912	\$ 21,685	\$ 26,399

Notes

9. Notes Payable:

The State agencies listed below generally issue short-term notes, normally secured by specific revenue sources, to provide temporary financing. Outstanding notes payable (amounts expressed in thousands) at June 30, 1986 were as follows:

Fund Type/Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Enterprise-			
State Scholarship Commission	\$ 95,954	See Below	Demand
Universities and Colleges	11,096	3% to 20%	2009
	<u>\$ 107,050</u>		

State Scholarship Commission (Commission) -

The Commission is authorized to issue Student Loan Revenue Notes. The notes and related interest are payable solely from the revenues and other resources of the Commission. On June 30, 1986, the Commission had \$96 million of notes outstanding due no later than one year after the date issued or upon demand. The interest rate is 69.875% of the weekly 91-day U.S. Treasury Bill rate, with a minimum rate of 5% and a maximum interest rate of 11.725%.

Universities and Colleges -

Universities and colleges have issued notes payable aggregating \$11 million at June 30, 1986. The notes are generally secured through revenues (i.e., lease payment agreements) derived from the operations of the projects constructed, although portions of the notes outstanding are unsecured.

10. Retirement Systems:

The State of Illinois sponsors the following defined benefit public employee retirement plans:

- State Employees' Retirement System of Illinois (SERS)—established in 1944 to provide coverage to substantially all employees of the State (excluding universities).
- Teachers' Retirement System of the State of Illinois (TRS)—established in 1939 to provide coverage to teachers employed by public school districts in Illinois (excluding Chicago).
- State Universities Retirement System (SURS)—established in 1941 to provide coverage to faculty and staff of State universities, community colleges and related agencies.
- Judges' Retirement System (JRS)—established in 1941 to provide coverage to substantially all judges of the Supreme Court, Appellate Courts, Circuit Courts and Court of Claims.
- General Assembly Retirement System (GARS)—established in 1947 to provide coverage to all members of the General Assembly and certain elected State officials.

These systems provide for employee contributions, based on fixed percentages ranging from 4% to 11.5% applied to an employee's annual compensation, supplemented by contributions provided by the State. Funding by the State is determined by the budgetary process and is based, in part, on actuarial consultations, generally without regard to pension cost calculated in accordance with the provisions of APB Opinion No. 8 (see Note 1M). The amounts by which pension cost so calculated exceeded amounts funded, aggregating \$440 million for the year ended June 30, 1986, have been reflected in the General Long-Term Obligations Account Group and presented in Changes in Long-Term Obligations (see Note 16).

Notes

As of the most recent valuation date, the actuarial present value of accumulated plan benefits for all plans exceeded market value of net assets available for benefits by \$3,182 million. The actuarially determined accrued benefit cost for all plans exceeded net assets available for benefits by \$7,162 million for the plans presented below.

The following table summarizes various information by plan (amounts expressed in thousands except for employee groups covered) as of June 30, 1986:

	SERS	TRS	SURS	JRS	GARS	Total
Employee groups covered -						
Number of active employees	74,012	95,620	51,235	768	192	221,827
Number of participants	128,897	168,564	70,929	1,104	472	369,966
Actuarial present value of accumulated plan benefits -						
Vested-participants currently receiving benefits	\$ 1,299,863	\$ 3,401,553	\$ 1,145,899	\$ 212,608	\$ 25,187	
Vested-other	1,067,056	3,472,906	2,409,211	120,833	7,383	
Nonvested benefits	117,365	519,195	146,752	66,743	31,870	
Total actuarial present value of accumulated plan benefits	2,484,284	7,393,654	3,701,862	400,184	64,440	
Market value of net assets available for benefits	2,208,190	5,951,564	2,534,000	139,316	29,754	
Excess of actuarial present value of accumulated plan benefits over market value of net assets available for benefits	\$ 276,094	\$ 1,442,090	\$ 1,167,862	\$ 260,868	\$ 34,686	
Percentage of net assets available for benefits to actuarial present value of accumulated plan benefits	89%	80%	68%	35%	46%	
Participant contributions refundable, generally without interest upon terminations of employment other than normal retirement	\$ 597,438	\$ 1,595,650	\$ 1,134,749	\$ 36,810	\$ 4,833	
Actuarial cost method -						
Actuarially determined accrued benefit costs	\$ 3,162,211	\$ 8,687,270	\$ 4,182,179	\$ 615,102	\$ 66,451	
Net assets available for benefits	1,974,373	5,168,069	2,257,975	124,420	26,739	
Excess of actuarially determined accrued benefit costs over net assets available for benefits	\$ 1,187,838	\$ 3,519,201	\$ 1,924,204	\$ 490,682	\$ 39,712	

Plan investments at June 30, 1986, by major class, stated at market and cost (amounts expressed in thousands) were as follows:

	SERS		TRS		SURS	
	Market	Cost	Market	Cost	Market	Cost
U.S. Treasury and agency obligations	\$ 424,658	\$ 406,284	\$ 1,836,065	\$ 1,751,789	\$ 358,978	\$ 343,513
Commercial paper	119,325	119,249			164,858	164,754
Corporate equity securities	970,614	853,109	2,894,374	2,238,259	1,369,271	1,130,500
Corporate debt securities	448,347	418,872	971,856	936,405	444,986	429,606
Other	230,534	162,188	135,196	127,543	187,220	180,915
	\$ 2,193,478	\$ 1,959,702	\$ 5,837,491	\$ 5,053,996	\$ 2,525,313	\$ 2,249,288

Notes

	SERS	TRS	SURS	IRS	GARS	Total
1986 Net funding deficits —						
1986 Retirement costs calculated in accordance with APB Opinion No. 8	\$ 178,927	\$ 439,048	\$ 245,742	\$ 41,009	\$ 3,296	\$ 908,022
Pension contribution funded by the State	102,214	259,952	94,746	9,345	2,216	468,473
1986 Net funding deficits included in the accompanying financial statements as other long-term obligations	\$ 76,713	\$ 179,096	\$ 150,996	\$ 31,664	\$ 1,080	\$ 439,549

The change in unfunded pension cost for the year is presented in Note 16.

Present value of accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the plans' provisions to the services employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. The accumulated plan benefits for active employees are based on their average compensation during the years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances—retirement, death, disability, and termination of employment—are included to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided under annuity contracts are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits for each plan has been determined by consulting actuaries. This amount results from applying actuarial assumptions to adjust the total accumulated plan benefits to reflect the time value of money (through discounts for interest at the rates shown below) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The most recent valuation date for all plans was June 30, 1986, except for SURS for which the date was August 31, 1986. All plans use the entry age normal cost method with the exception of TRS which uses the attained age normal cost method with unit credit past service. Assumed rates of return on investments ranged from 6% to 8%, and assumed salary increases taken into account in determining plan obligations under the actuarial cost method ranged from 5% to 9%. Various mortality tables were used, and the rate of turnover without vested benefits assumed a high scale at younger age levels, becoming progressively lower as age advances, consistent with the plans' experience. The actuarial valuation for the SURS plan reflects the decrease in assumed salary increases from 8% to 7%. This resulted in an actuarial gain and a decrease in the actuarial accrued benefit cost of \$44 million. There were no significant amendments to any of the other plans during fiscal year 1986.

The State has not expressed any intention to discontinue its contributions and close the plans' enrollment. However, it would be able to do so, subject to the constitutionally vested rights of plan participants, by appropriately amending State law.

IRS		GARS		Total	
Market	Cost	Market	Cost	Market	Cost
\$ 26,523	\$ 25,320	\$ 5,672	\$ 5,435	\$ 2,651,896	\$ 2,532,341
7,453	7,432	1,594	1,595	293,230	293,030
60,622	53,166	12,965	11,412	5,307,846	4,286,446
28,003	26,104	5,989	5,603	1,899,181	1,816,590
14,398	10,108	3,079	2,170	570,427	482,924
\$ 136,999	\$ 122,130	\$ 29,299	\$ 26,215	\$ 10,722,580	\$ 9,411,331

11. General Obligation Bonds:

General obligation bonds have been authorized and issued primarily to provide funds for acquisition and construction of capital facilities for higher education, public and mental health, correction and conservation purposes and for maintenance and construction of highway and waterway facilities. Bonds have also been issued to provide assistance to municipalities for construction of sewage treatment facilities, port districts, local schools, mass transportation and aviation purposes, and to fund research and development of coal as an energy source. Also, bonds have been authorized to refund any general obligation bonds outstanding.

The State Constitution provides that the State may issue general obligation bonds for specific purposes in such amounts as provided either by the General Assembly with a three-fifths vote of each house or by a majority of voters in a general election. The enabling acts pursuant to which the bonds are issued provide that all bonds issued thereunder shall be direct obligations of the State of Illinois and pledge the full faith and credit of the State. General obligation bonds are redeemed over a period not to exceed 30 years, generally from available resources in the debt service funds. However, the State of Illinois has generally issued 25 year serial bonds with equal amounts of principal maturing each year except for the refunding bonds which mature in varying amounts. Additionally, Illinois offerings, with the exception of anti-pollution bonds, have call provisions providing for early redemption at the option of the State, generally beginning 15 years following the date of issue in the inverse order of maturity, in whole or in part, at a redemption price not to exceed 103% of par value.

General obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1986, were as follows:

Purpose	Outstanding		Authorized but Unissued
	Interest Rates	Amount	
Capital Development	3.25% to 12.0%	\$ 1,430,500	\$ 227,691
Transportation	3.50% to 12.0%	1,408,960	558,000
Anti-Pollution	3.50% to 12.0%	444,980	101,000
School Construction	3.50% to 12.0%	208,900	90,000
Coal Development	4.80% to 12.0%	44,800	20,000
Public Welfare	3.0%	10,000	
University Building	3.0%	9,800	
Refunding	6.50% to 7.125%	199,915	85
		\$ 3,757,855	\$ 996,776

Changes in general obligation bonds during the year ended June 30, 1986 are summarized in Note 16.

Future general obligation debt service requirements (amounts expressed in thousands) at June 30, 1986 were as follows:

Year Ending June 30	Principal	Interest	Total
1987	\$ 228,625	\$ 263,779	\$ 492,404
1988	217,700	247,966	465,666
1989	211,775	232,711	444,486
1990	211,875	217,717	429,592
1991	211,950	202,822	414,772
Thereafter	2,675,930	1,506,325	4,182,255
	\$ 3,757,855	\$ 2,671,320	\$ 6,429,175

Notes

On March 25, 1986, the State issued \$199.915 million in General Obligation Bonds with an average interest rate of 7.15% to advance refund \$162.560 million of certain callable maturities of previously issued general obligation bonds which had interest rates ranging from 8.25% to 12%. The proceeds of \$197.920 million were used to purchase U.S. Treasury obligations, and were deposited in an escrow account to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Obligations Account Group.

The refunding transaction has saved the State aggregate debt service payments of \$18.0 million and will result in an economic gain or present value savings of \$8.4 million over the life of the refunded bonds.

The State entered into agreements on December 2, 1986 to issue \$120 million of general obligation bonds. The bonds mature serially through 2011 at interest rates ranging from 5.0% to 6.6%.

12. Special Obligation Bonds:

Special obligation bonds have been authorized and issued to provide funds for the Build Illinois Program, the State's Metropolitan Civic Center Support Program and to refund any bonds previously issued under these programs.

The Build Illinois Program was implemented to expand the State's efforts in economic development by providing financing in certain areas. These areas include construction, reconstruction, modernization, and extension of the State's infrastructure; development and improvement of educational, scientific, technical and vocational programs and facilities and expansion of health and human services in the State; protection, preservation, restoration, and conservation of the State's environmental and natural resources; and provision of incentives for the location and expansion of businesses in Illinois resulting in increased employment.

The State's Metropolitan Civic Center Support Act (Support Act) was amended on September 3, 1985, to allow the issuance of bonds to refinance the State's Metropolitan Civic Center Support Program and to provide additional capital for new projects to be financed under the Support Act. The refinancing of the State's Metropolitan Civic Center Support Program is discussed further in Footnote 15, Other Long-Term Obligations.

Special obligation bonds are payable primarily from dedicated portions of the State's sales tax and the horse racing privilege tax and are redeemed for a period of not more than 30 years. Additionally, these bonds have call provisions providing for early redemption at the option of the State, beginning 10 years following the date of issuance, in whole or in part, in such order as the State shall determine and within any maturity by lot at varying premiums which decrease periodically.

Special obligation bonds outstanding and bonds authorized but unissued (amounts expressed in thousands) at June 30, 1986, were as follows:

Purpose	Outstanding		Authorized but Unissued
	Interest Rates	Amount	
Build Illinois			
Public Infrastructure	5.6% to 9.375%	\$ 23,635,954	\$ 603,364,046
Business Development	5.6% to 9.375%	10,250,207	39,749,793
Education	5.6% to 9.375%	50,226,047	140,773,983
Environment	5.6% to 9.375%	15,887,822	64,112,178
		\$ 100,000,000	\$ 848,000,000
Civic Center	6.0% to 9.500%	90,025,000	9,975,000
		\$ 190,025,000	\$ 857,975,000

Changes in special obligation bonds during the year ended June 30, 1986 are summarized in Note 16.

Notes

Future special obligation debt service requirements (amounts expressed in thousands) at June 30, 1986 were as follows:

Year Ending June 30	Principal	Interest	Total
1987	\$ 1,650	\$ 17,348	\$ 18,998
1988	1,745	17,250	18,995
1989	1,855	17,136	18,991
1990	1,985	17,006	18,991
1991	2,125	16,859	18,984
Thereafter	180,665	280,899	461,564
	\$190,025	\$366,498	\$556,523

Subsequent to June 30, 1986, the State issued Build Illinois, Series B and Series T-1 bonds in the principal amounts of \$80 and \$40 million, respectively. The Series B bonds mature annually through 2015 with interest rates ranging from 4.8% to 7.625%. The Series T-1 bonds mature annually from 1995 through 2006 with an interest rate of 9.0%. The interest on the Series T-1 bonds, pursuant to Section 103 of the Internal Revenue Code of 1954, as amended is not exempt from federal income taxes.

Also, subsequent to June 30, 1986, the State issued Civic Center Bonds, Series 1986, in the principal amount of \$965 thousand maturing annually from 1994 to 2007 at an interest rate of 7.75%.

13. Revenue Bonds:

The State Constitution empowers certain State agencies and authorities to issue bonds that are not supported by the full faith and credit of the State. These bonds pledge income derived from acquired or constructed assets to retire the debt and service related interest. In addition, certain authorities have issued debt which is classified as "no commitment" debt of the State.

Revenue bonds issued by individual agencies are supported by fees, rentals and tolls assessed to users. Issuing agencies include the Illinois Housing Development Authority (Housing Development, Mortgage Finance, Multi-Family Housing, Single Family Mortgage and Insured Mortgage Housing Development Bonds), State Scholarship Commission (Student Loan Revenue Bonds), Illinois State Toll Highway Authority (Construction Revenue Bonds) and Board of Governors, Board of Regents, Southern Illinois University and the University of Illinois (University Revenue Producing Facilities Construction Bonds).

Bonds outstanding (amounts expressed in thousands) at June 30, 1986, net of unamortized discounts, were as follows:

Agency	Amount Outstanding	Interest Rates	Annual Maturity To
Enterprise			
Illinois Housing Development Authority	\$ 1,755,071	5.00% to 13.75 %	2028
State Scholarship Commission	123,588	4.90% to 10.60 %	1996
Illinois State Toll Highway Authority	167,200	6.10% to 9.25 %	2009
	2,045,859		
Universities and Colleges			
Board of Governors of State Colleges and Universities	49,320	6.00% to 9.625%	2016
Board of Regents	76,345	3.00% to 11.1 %	2019
Southern Illinois University & Foundation	25,855	5.00% to 10.25 %	2007
University of Illinois	117,921	5.00% to 9.70 %	2009
	269,441		
	\$ 2,315,300		

Changes in revenue bonds during the year ended June 30, 1986 are summarized in Note 16.

Notes

Revenue bond debt service requirements, principal and interest, (amounts expressed in thousands) as of June 30, 1986 were as follows:

Year Ending June 30	Enterprise		Universities and Colleges		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
1987	\$ 38,970	\$ 189,388	\$ 15,412	\$ 23,551	\$ 54,382	\$ 212,939
1988	36,285	186,094	16,207	23,225	52,492	209,319
1989	41,155	184,296	17,577	23,317	58,732	207,613
1990	43,905	182,130	18,193	23,152	62,098	205,282
1991	44,090	179,730	14,961	23,019	59,051	202,749
Thereafter	1,923,775	3,277,031	187,091	304,413	2,110,866	3,581,444
	\$ 2,128,180	\$ 4,198,669	\$ 269,441	\$ 420,677	\$ 2,397,621	\$ 4,619,346

The Illinois Housing Development Authority and Illinois State University have issued variable rate bonds for which accurate future interest payments cannot be determined and, therefore, are not included in the above amounts. The outstanding principal amounts of the bonds for these agencies are \$29.2 and \$13.3 million, respectively.

Total principal debt service requirements include bond discounts of \$82 million.

Illinois Housing Development Authority (IHDA) —

The IHDA was created in 1967 to increase the production of low and moderate income housing in Illinois by providing mortgage loans. The IHDA is authorized to have bonds and notes outstanding in an aggregate principal amount not to exceed \$2,700 million exclusive of refunding issues. Bonds issued must mature within 50 years from the date of issue, bearing interest rates as determined by the Authority. Subsequent to July 1, 1983, the maximum interest rate cannot exceed 11% or 70% of the prime rate, whichever is greater. All revenue bonds issued to provide mortgage loans are secured by first mortgage liens on the related developments.

In the event that IHDA determines that funds will not be sufficient for the payment of the principal of and interest on its bonds during the next succeeding State fiscal period, the Chairman of IHDA shall certify to the Governor on or before September of the then current State fiscal period the amount required by IHDA to enable it to pay such principal and interest. The Governor shall include the amount so certified in the State budget; however, the General Assembly has no obligation to appropriate funds for IHDA.

At June 30, 1986 bonds outstanding aggregated \$1,836 million, before unamortized discounts of \$81 million. Sinking funds pursuant to bond resolutions at year end aggregated \$13 million. The bonds mature annually through 2028, bearing interest from 5.0% to 13.75%. The bonds provide for early redemption at the option of IHDA, in whole or in part, in inverse order of maturity at varying premiums which decrease periodically.

The Authority has also issued \$69.8 million of Housing Revenue Bonds, Series 1985 which are secured by a joint and several guaranty of the Metropolitan Life Insurance Company, Pittway Corporation and Metro Properties, to provide construction and permanent financing for one development with 600 dwelling units. These bonds are special, limited obligations of the Authority and can only be repaid from payments received with respect to the mortgage loan. The bonds are not a debt of the Authority or the State of Illinois and neither are liable on the bonds. They are however, included in the Authority's authorized debt limitation.

Subsequent to June 30, 1986, IHDA issued Residential Mortgage Revenue Bonds in the aggregate principal of \$60.535 million, maturing in 1988 through 2016, and with interest rates ranging from 4.75% to 8.00%.

Also, the Authority redeemed \$13.700 and \$46.835 million of Residential Mortgage Revenue Bonds, Series 1984A and 1984B, respectively, from unexpended proceeds of those issues.

State Scholarship Commission (Commission) —

The Commission issues student loan revenue bonds, the proceeds of which are used to purchase student loans from eligible lenders. The bonds mature annually in varying amounts, bearing interest ranging from 4.9% to 10.6%. Bonds outstanding exclusive of refunding issues may not exceed \$350 million (\$124 million was outstanding at June 30, 1986 net of \$1 million of unamortized discounts). All student loans purchased by the Commission are pledged as collateral for the bonds, and losses are guaranteed as to principal and interest by the Commission's Guarantee Loan Program, which can be subrogated to the United States Department of Education.

The bond resolutions provide for early retirement for bonds maturing on or after March 1, 1985 at 102% of par, with the premium decreasing periodically until March 1, 1995, after which unmatured bonds can only be retired at par value. Pursuant to the bond resolutions, reserves for bond retirement and interest payments aggregated \$31 million at June 30, 1986.

Subsequent to June 30, 1986, the Commission issued \$111.05 million of Student Loan Revenue Bonds Series F maturing annually from 1987 to 1998 at interest rates from 4.25% to 7.20%.

Illinois State Toll Highway Authority (THA) —

The THA issued revenue bonds to finance construction of the State toll highway system and to refund all currently outstanding bonds of the Authority. The bond resolutions provide for early redemption at the option of the THA, in whole or in part, at a cost not to exceed 102% of par value, declining periodically through December 31, 1999. All unmatured bonds outstanding at January 1, 2000 are redeemable thereafter at par. In accordance with the provisions of the bond resolutions, debt reserves on deposit with and invested by the Bond Trustee at June 30, 1986 aggregated \$17 million.

Board of Governors, Board of Regents, Southern Illinois University and University of Illinois —

The Board of Governors of State Colleges and Universities, the Board of Regents, Southern Illinois University and the University of Illinois (hereinafter the "Boards"), as empowered by enabling acts, have issued various revenue bonds to support construction of student housing and other revenue producing facilities at State universities. These bonds do not constitute general obligations of either the State of Illinois or the Boards but, together with interest thereon, are payable solely from and are secured by, subject to the prior pledge and lien of existing refunded bonds, (i) the net revenues of the Boards; (ii) debt service grants; (iii) income received from certain special accounts; (iv) retained tuition fees (subject to prior payment of related operating and maintenance expenses); (v) certain debt service reserves; (vi) certain repair and replacement reserves; and (vii) the principal of the special accounts arising on refundings, all as defined in the various bond resolutions. In accordance with provisions of the bond resolutions, debt service funds and reserves on deposit aggregated \$39 million at June 30, 1986. The bonds are callable prior to their maturity in accordance with the provisions of the bond resolutions, including premiums of up to 5%.

Subsequent to June 30, 1986, the Boards issued revenue bonds. Illinois State University issued Illinois State University Auxiliary Facilities System Revenue Refunding bonds Series 1986 in the principal amount of \$13 million maturing annually from 1987 to 1992. The interest rates on the bonds range from 5% to 6.8% with a supplemental interest rate of 1.9% from August 1, 1986 to the earlier of October 1, 1987 or the respective maturity dates of such bonds payable on October 1 and April 1 of each year commencing October 1, 1986.

The University of Illinois issued University of Illinois Revenue Bonds Series 1986 in the principal amount of \$47 million. These bonds are capital appreciation bonds which do not require current interest payments. They mature semi-annually, from October 1, 1996 through April 1, 2009, at amounts sufficient to produce yields ranging from 7.2% to 8.125%.

Notes

Defeased Bonds —

Throughout the year, the Illinois State Toll Highway Authority, Illinois State University, Northern Illinois University, Eastern Illinois University and Western Illinois University issued a total of \$256.7 million in revenue bonds with interest rates ranging from 6.1% to 10.2% to advance refund \$314.1 million of revenue bonds with interest rates ranging from .05% to 10.40%. The proceeds plus additional funds of the Authority and Universities were used to purchase U.S. government securities, which were deposited in an irrevocable trust with an escrow agent to satisfy all future debt service payments of the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

The issuance of the advanced refunding bonds at higher interest rates will cause aggregate debt service payments to be increased by \$161 million and will result in an economic gain or present value savings of \$7 million over the life of the refunding bonds. The following table displays the various gains and losses (in millions) among issuers of the advanced refunding bonds:

	Accounting Gain (APB No. 26)	Arithmetic (Loss)	Economic Gain
Enterprise Fund Type-			
Illinois State Toll Highway Authority	\$ 31.2	\$ (95.9)	\$ 3.1
University and College Fund Type-			
Western Illinois University	4.4	(14.2)	.7
Eastern Illinois University	2.0	(10.4)	.4
Northern Illinois University	2.3	(26.3)	1.2
Illinois State University	7.7	(14.2)	1.6
	<u>\$ 47.6</u>	<u>\$ (161.0)</u>	<u>\$ 7.0</u>

As of June 30, 1986, the outstanding balance of the defeased bonds was \$280 million.

On May 1, 1984, the Illinois Building Authority effected net defeasance for all bond series which were gross defeased in prior years, and the bond series issue of February 1972, by depositing cash of \$89 million with an escrow trustee for the purchase of U.S. Government obligations. The unpaid principal of the gross defeased bond series and the February 1972 bond series totaled \$111 million. Cash from the maturity of the U.S. Government obligations and interest earnings thereon will be used to pay all the principal, interest and administrative expenses as they become due. On October 1, 1982, the Board had effected net defeasance for four bond series. As of June 30, 1984, all bond series of the IBA have been net defeased.

For financial reporting purposes, the net defeased IBA bonds at June 30, 1986 are considered to be extinguished, and the unpaid principal on these bond series, amounting to \$118 million, at June 30, 1986, is not included in the financial statements.

In addition to the IBA, State universities consisting of Eastern Illinois University, Western Illinois University, Northern Illinois University, Southern Illinois University, and the University of Illinois had previously defeased outstanding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. At June 30, 1986, the outstanding balance of the defeased bonds was \$399 million. These bonds have interest rates ranging from .05% to 8% with principal maturing until 2011. The refunded bonds are defeased and not included in the financial statements.

Notes

No Commitment Debt (not included in financial statements) —

The State of Illinois by action of the General Assembly created various authorities for the express purpose of providing private entities with an available low cost source of capital financing for construction of facilities deemed to be in the public interest. Fees are assessed to recover related processing and application costs incurred. The bonds issued by the authorities represent limited obligations payable solely from payments made by the borrowing entities. The majority of the bonds are secured by the property financed. Upon repayment of a bond, ownership of acquired property transfers to the entity served by the bond issuance. The State has no obligation for this debt. Accordingly, these bonds are not reflected in the accompanying financial statements.

At June 30, 1986 revenue bonds, net of defeased bonds, and notes outstanding (amounts expressed in thousands) by authority were as follows:

Authority	Amount Outstanding	Interest Rates	Annual Maturity To
Illinois Health Facilities Authority	\$ 2,594,881	5.20% to 15.00%	2025
Illinois Development Finance Authority:			
Environmental Facilities	\$ 1,352,538	4.55% to 12.00%	2025
Industrial Development	531,984	5.50% to 13.00%	2025
Insured Industrial Revenue	11,510	Variable	2005
Infrastructure	2,095	8.00% to 9.00%	2006
	1,898,127		
Illinois Educational Facilities Authority	842,307	4.90% to 9.625%	2025
Illinois Farm Development Authority	77,746	Variable	2025
Illinois Independent Higher Education			
Loan Authority	75,170	Variable	2007
Illinois Housing Development Authority	69,800	Variable	2008
	\$ 5,558,031		

Subsequent to June 30, 1986, the Illinois Export Development Authority issued \$15 million of revenue bonds with a five year maturity and a variable interest rate.

14. Advances To Pay Unemployment Compensation Benefits:

From fiscal years 1976 to 1983, unemployment compensation benefit claims paid from the State Unemployment Compensation Trust Fund (Fund) significantly exceeded employer contributions. In order to continue operations of the Fund, the State received advances from the U.S. Treasury. Those advances received prior to April 1, 1982 were without penalty while advances subsequent to April 1, 1982 have been assessed a penalty of \$90 million payable in annual installments thru October 1, 1989. At June 30, 1986, outstanding advances aggregated \$898 million. During the year ended June 30, 1986, the Fund received additional advances of \$188 million and made repayments of \$548 million. Repayments during the period from July 1 to December 31, 1986 aggregated \$9 million.

Advances from the U.S. Treasury are to be repaid from future State unemployment taxes and an escalating surtax on federal unemployment taxes. Repayments from the federal surtax (aggregating \$253 million for fiscal year 1986) are applied first against non-penalty assessed advances. Penalty payments on advances subsequent to April 1, 1982 are a liability of the State and may not be paid from the Fund. During fiscal year 1986 the State paid penalties aggregating \$33 million on such advances (see Note 15).

Notes

15. Other Long-Term Obligations:

Compensated Absences —

Employees earn annual leave ranging from 1 to 2 days per month with maximum accumulation ranging from 20 to 50 days. At June 30, 1986, the liability for accrued annual leave was approximately \$124 million for the governmental funds. Until January 1, 1984, sick leave, which generally is earned one day per month with unlimited accumulation, was paid only when an employee was absent due to illness or other acceptable circumstances as outlined by personnel regulations. Effective January 1, 1984, upon death, retirement, resignation or termination from State employment, employees are able to receive payment for one-half of accumulated sick leave earned subsequent to January 1, 1984, or full service credit for such accumulated sick leave under the State Employees Article of the State Pension Code. At June 30, 1986, the liability for sick leave earned subsequent to January 1, 1984 was \$58 million. Thus, the State's liability for compensated absences reported in the General Long-Term Obligations Account Group amounted to \$182 million at June 30, 1986.

Lease Commitments —

The State leases land, office facilities, office and computer equipment and other assets. Although lease terms vary, certain leases are renewable subject to appropriation by the General Assembly. If renewal is reasonably assured, leases requiring appropriation by the General Assembly are considered noncancellable leases for financial reporting purposes.

At June 30, 1986, capitalized leases included in property, plant and equipment (amounts expressed in thousands) were as follows:

	Proprietary Fund Types	University and College Fund Type	General Fixed Assets
Land and land improvements		\$ 804	
Buildings and building improvements		4,086	\$ 2,725
Equipment	\$ 22,129	58,344	75,705
	22,129	63,234	78,430
Less: Accumulated depreciation	7,848		
	\$ 14,281	\$ 63,234	\$ 78,430

Future minimum commitments for noncancellable leases (amounts expressed in thousands) as of June 30, 1986 were as follows:

Year Ending June 30	Capitalized Leases					Total
	Operating Leases	Proprietary Fund Types	University and College Fund Type	General Long-Term Obligations		
1987	\$ 52,999	\$ 9,683	\$ 16,377	\$ 22,661	\$	101,720
1988	36,172	5,777	10,967	18,725		71,641
1989	24,362	4,173	6,877	12,530		47,942
1990	17,680	2,008	3,998	8,660		32,346
1991	8,034	1,435	703	3,044		13,216
Thereafter	2,350		848	2,850		6,048
Total minimum lease payments ..	\$ 141,597	23,076	39,770	68,470	\$	272,913
Less amounts representing:						
Executory costs				1,106		
Interest		94	5,821	10,994		
Present value of net minimum lease payments		\$ 22,982	\$ 33,949	\$ 56,370		

Rental payments charged to operations during the year ended June 30, 1986, aggregated \$90,596 (amounts expressed in thousands).

Metropolitan Fair and Exposition Authority (McCormick Place) -

In July 1984, and November 1985, the State amended the "Metropolitan Fair and Exposition Authority Act" to authorize the issuance of \$265 million and \$47.5 million, respectively, for a total authorization of \$312.5 million, in additional bonds. These bonds are to be used for (1) construction costs to complete the McCormick Place expansion, (2) to pay the construction costs of projects which may be authorized by the Illinois General Assembly in the future, and (3) to refund outstanding revenue bonds of the Authority that were issued prior to July 1, 1984.

The Illinois General Assembly also amended certain tax laws in July 1984, and November 1985, to provide for 1.75% of total State sales tax revenues, 3% of 94% of total hotel room rental receipts, and \$1.7 million per year out of 7% of State racing tax revenues to be deposited into the Build Illinois Fund, which replaced the Tourism Fund, as collected. The legislation provides for credits to separate accounts within the Build Illinois Fund of which the "McCormick Place Account" is one and has first priority credit of the amounts collected.

In August 1984, the authority issued \$252 million of bonds at interest rates varying between 7% to 10.375% that mature in varying amounts annually aggregating \$32 million through 1996 and optional annually thereafter to 2014. The amount of outstanding principal as of June 30, 1986 is \$251 million.

In December 1985, the Authority issued an additional \$60 million of bonds. These bonds mature annually from 1987 through 2015 with interest rates ranging from 6% to 8.875%. As of June 30, 1986, there was an outstanding principal amount of \$60 million.

Subsequent to June 30, 1986, legislation was enacted to authorize the issuance of refunding bonds either on a parity with or subordinated to the 1984 and 1985 bonds.

The Authority then issued, in August 1986, \$324.190 million of refunding bonds at interest rates ranging from 4.9% to 8% and maturing annually from 1987 through 2014. These bonds refunded the Series 1984 bonds and are on a parity basis with the outstanding Series 1985 bonds.

Metropolitan Exposition Auditorium and Office Building Authorities-

The General Assembly, through adoption of the "Metropolitan Civic Center Support Act" (Support Act), created the Metropolitan Exposition Auditorium and Office Building Fund (Fund) into which 33.5% of all monies received by the State as horse racing taxes are deposited. At June 30, 1986, the balance of the Fund was \$15.6 million. The purpose of the Fund was to secure and retire a proportionate share of locally issued revenue bonds, the proceeds of which were used to construct local civic and exposition centers. The Support Act was amended in September 1985 to provide State financial support by issuing direct, limited obligation revenue bonds for the advanced refunding of any civic center bond issued before July 1, 1985 and for newly certified applicants after July 1, 1985. It was further amended to increase the limitation of the aggregate amount of principal issued and outstanding in state and local bonds subject to state financial support for all Authorities from \$75 million to \$100 million. In addition, further restrictions exist as to the amount to be committed on behalf of any single taxing authority.

On December 15, 1985, the State issued \$90.025 million of direct, limited obligation bonds at interest rates varying between 6.0% to 9.5% and maturing annually from 1986 through 2015. \$60.628 million of the proceeds were used to advance refund \$64.125 million of previous State supported guarantees. The proceeds were used to purchase U.S. governmental securities, which were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the State supported guarantees. As a result, the guarantees are considered to be defeased and their liability has been removed from the General Long-Term Obligations Account Group. The refunding transaction was done to consolidate all previous State supported guarantees and to reduce the annual debt by making payments over a longer period of time. Since the average rate of the refunding bonds was greater than that of the refunded bonds, the State's aggregate debt service payments are \$84,449 million greater than before the refunding transaction. There was also an economic or present value loss of \$1,092 million over the life of the bonds.

Notes

These bonds are further discussed in Note 12, Special Obligation Bonds.

At June 30, 1986, the unpaid principal on the previous State supported guarantees (amounts expressed in thousands) were as follows:

Authority	Amount Defeased	Interest Rates	Annual Maturity to
Rockford	\$ 12,960	7.00% to 11.00%	2003
Peoria	11,000	5.65% to 6.50%	1997
Springfield	10,845	6.50% to 6.60%	1996
Joliet	8,250	8.75% to 11.25%	2003
Decatur	6,605	4.75% to 9.25%	1997
Aurora	5,665	5.60% to 6.50%	1997
DeKalb	3,025	8.40% to 10.85%	2003
Danville	2,760	5.00% to 5.80%	1997
	\$ 61,110		

In addition, a portion of the proceeds of the State issued bonds were used as grant awards for newly certified applicants as of June 30, 1986 in the following amounts (amounts expressed in thousands):

Authority	Amount of Grant
Ogle County	\$ 2,250
Rosemont	2,250
Aurora	1,800
Knox County	1,800
Orland Park	1,400
Pekin	1,080
Herrin	700
Rockford	500
	\$ 11,780

Subsequent to June 30, 1986, the State granted \$1.080 million to LaSalle County to construct a civic center.

Springfield Airport Authority (Authority) —

The Authority has constructed offices, aircraft hangers, service buildings and other related facilities at the Springfield airport which are owned and operated by the Authority for the use of State agencies under a lease agreement. The Authority secured the funds required for the construction of such improvements through the issuance of \$2.7 million of revenue bonds bearing interest rates from 5.20% to 6.602%. The Authority in turn entered into an agreement with the State of Illinois extending through May 1, 2003, with renewable terms. The State makes rental payments sufficient to pay bond principal, interest and reserve fund payments and to cover costs of operating, maintaining and insuring the facilities. The outstanding principal amount to be paid to the Authority by the State at June 30, 1986 was \$2.460 million.

Deferred Liability on Federal Advances —

In accordance with Federal regulations, the State has decided to defer 80% of the penalty due on Federal advances to pay unemployment compensation benefits. Amounts deferred must be repaid from other than resources of the Unemployment Compensation Trust Fund in four equal annual installments on the September 30 following the date of deferral. Interest does not accrue

Notes

on the deferred penalty. At June 30, 1986, the deferred liability (amounts expressed in thousands) aggregated \$90 million, payable on October 1 as follows:

	1986	1987	1988	1989
Amounts	\$32,961	\$32,961	\$19,786	\$4,542

The option to defer the penalty was available under Federal regulations for penalty payments due September 30, 1983, 1984 and 1985. The State anticipates repaying future Federal advances before any penalty accrues.

City of Collinsville—

The City of Collinsville (City) secured funds to construct a State office complex to be used by the Department of Transportation, the Department of State Police and the Department of Central Management Services by issuing revenue bonds in the amount of \$15.315 million. Interest rates on the bonds range from 6.5% to 9.5% with principal maturing annually from 1988 through 2005. The City in turn entered into a lease purchase agreement with the State of Illinois to pay bond principal, interest, and deficiency in the Debt Service Reserve Fund and the Renewal and Replacement Fund and costs of operating, maintaining and insuring the facilities. The outstanding principal amount to be paid to the City by the State at June 30, 1986 was \$15.315 million.

Changes in other long-term obligations for the year ended June 30, 1986 are summarized in Note 16.

16. Changes In Long-Term Obligations:

Changes in long-term obligations (amounts expressed in thousands) for the year ended June 30, 1986 are summarized as follows:

	Notes Payable (Note 9)	Accrued Retirement Costs (Note 10)	General Obligation Bonds (Note 11)	Special Obligation Bonds (Note 12)	Revenue Bonds (Note 13)	Other Long-Term Obligations (Note 15)
Balance at July 1, 1985	\$ 80,669	\$ 1,967,433	\$ 3,487,000	\$ —	\$ 1,951,490	\$ 645,939
Compensated absences earned						161,960
Debt issues	42,123		639,915	190,025	702,936	75,365
Penalty costs on Federal government advances						272
Increase in lease obligations						30,655
Compensated absences taken						(140,109)
Amortization of bond discounts and bond issuance costs					4,297	
Increase in accreted value of capital appreciation bonds					14,448	
Principal retirements, terminations and defeased bonds	(15,742)		(369,060)		(357,871)	(117,267)
Excess of actuarially determined retirement costs computed in accordance with APB Opinion No. 8 over amounts recorded as expenditures in governmental fund types		439,549				
Balance at June 30, 1986	\$ 107,050	\$ 2,406,982	\$ 3,757,855	\$ 190,025	\$ 2,315,300	\$ 656,815

17. Fund Deficits:

The Drivers Education Fund of the State Board of Education (reported as a special revenue fund) has a deficit at June 30, 1986 aggregating \$11.2 million, resulting from reimbursement to school districts for drivers education program costs incurred in the current year but not paid until the subsequent year.

The Illinois Unemployment Compensation Trust Fund (reported as an expendable trust fund) has a deficit at June 30, 1986 aggregating \$256.9 million, resulting from an excess of benefit claims paid over employer contributions (see Note 14).

18. Segment Information — Enterprise Funds:

Selected financial information by enterprise fund segment (amounts expressed in thousands) is as follows:

	Department of Revenue	Farm Development Authority	Housing Development Authority	State Toll Highway Authority	State Scholarship Commission	Other	
	State Lottery (1)	(2)	(3)	(4)	Designated Account Purchase Program (5)	(6)	Total
Operating revenues	\$ 1,285,432		\$ 178,761	\$ 182,730	\$ 22,189	\$ 27,083	\$ 1,696,195
Depreciation	309		370	40,665	156	124	41,621
Operating income (loss)	538,665	\$ (4,387)	7,959	66,596	3,680	2,460	614,973
Operating transfers-in		24,196	1,098			1,470	26,764
Operating transfers-out	538,461		1,098			1,150	540,709
Nonoperating revenues				31,243		8	31,251
Nonoperating expenses				2,294		3	2,297
Net income	204	10,809	7,959	95,545	3,680	2,785	129,982
Current capital transfers		2,000				3,250	10,250
Property, plant and equipment additions	397		312	74,655	139	143	75,646
Net working capital	12,608	26,809	143,740	88,928	44,244	21,870	338,199
Total assets	45,072	26,809	1,990,543	790,883	246,144	36,909	3,136,360
Bonds and other long-term liabilities payable from operating revenues			1,755,071	167,200	219,542	125	2,141,938
Total equity	12,908	26,809	76,512	600,924	22,335	34,037	773,525

The following activities generate enterprise fund revenues:

- (1) Illinois State Lottery revenues and operations.
- (2) Service fees charged for processing program applications.
- (3) Operation and maintenance of programs for financing construction of low and moderate income housing developments, including income from investment of funds on hand.
- (4) Toll fees to cover the operation and maintenance of the State toll highway system.
- (5) Service and processing fees for delinquent student loans.
- (6) Service and processing fees charged by the following Departments, Authorities, and Commissions for their operations.

Elected Officials and Departments	Commissions	Authorities
Comptroller	Commissioner of Banks and Trust Companies	Chicago World's Fair-1992 Authority
Central Management Services	Medical Center Commission	Illinois Development Finance Authority
Corrections	Prairie State 2000 Fund	Illinois Health Facilities Authority
Insurance (Bureau of Liquidations)		Illinois Educational Facilities Authority
Mental Health and Developmental Disabilities		Illinois Export Development Authority
Nuclear Safety		Illinois Independent Higher Education
Rehabilitation Services		Loan Authority
Veterans' Affairs		

19. Contingencies:

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State (without being restricted to the provisions of benefits under the plan), subject only to the claims of the State's general creditors. Participants' rights under the plan are equal to those of general creditors of the State in an amount equal to the fair market value of the deferred account for each participant.

The State believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

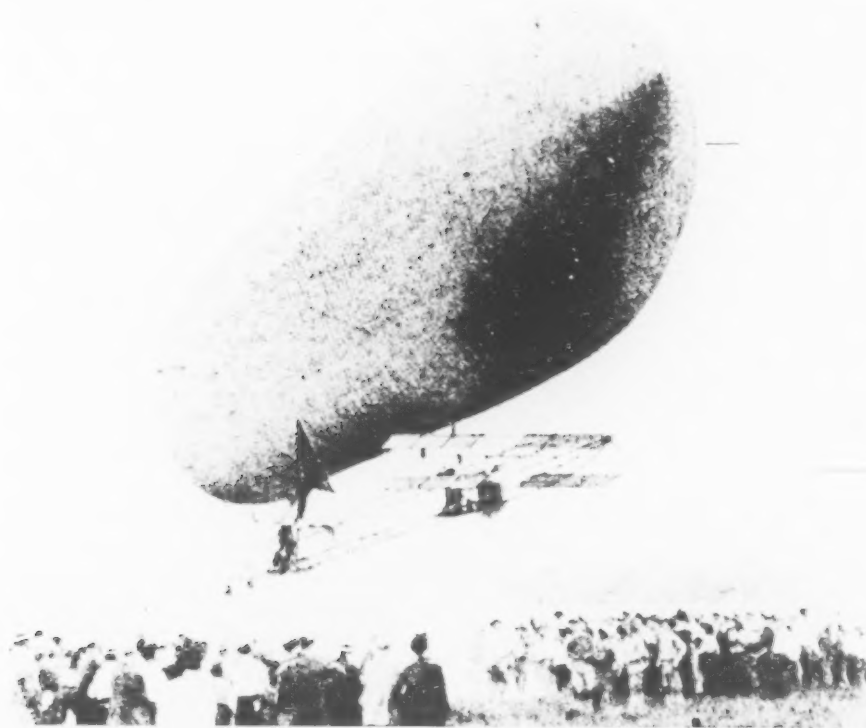
The State Lottery has entered into agreements with insurance companies under which the Lottery purchases annuities under group contracts which provide payments corresponding to the Lottery's obligation to these prize winners. The State would be liable for such future payments if the insurance companies would default on their payment. At June 30, 1986 the Lottery had purchased annuity contracts to fund future installment payments aggregating approximately \$529 million. Effective July 30, 1985, the law provides that the State Treasurer may, with consent of the Superintendent of Lottery, contract to invest in securities which provide payment corresponding to the Lottery's obligation to these winners. The securities purchased subsequent to July 30, 1985 are accounted for in the accompanying financial statements in an agency fund at the present value of these future installments.

Also, the State, its units and employees are parties to numerous legal proceedings many of which normally recur in governmental operations. All legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

In addition, the State and its units are involved in certain other legal proceedings which, if decided adversely to the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

Aviation: The Early Years

Thomas Scott Baldwin



In 1670 the design of a buoyant air vessel approached success when Francesco Terzi-Lana pointed out the significance of the "levity" of gases. His theory of using a vacuum for lift failed because of the impossibility of creating a vacuum in an object strong enough to withstand atmospheric pressures. The idea of buoyant gases intrigued other inventors who perpetuated countless theories of aircraft construction. The first real success was recorded in 1783 when Frenchmen Joseph and Etienne Montgolfier through experiments with hot air astonished a crowd of frightened peasants with the first lighter than air ascent by man. One year later near Baltimore, Maryland, a 13 year-old youth made a brief flight in a Montgolfier type balloon. During the next several decades balloon flights became little more than feats of novelty and daring.

Hot air ballooning was unknown in Illinois until 1855 when Silas Brooks brought his aeronautic skills to the "Windy City" for an Independence Day performance. True to Chicago's nickname, a strong wind carried the Eclipse with its pilot into a telegraph wire severing the cords that held the basket. Brooks escaped without serious injury and continued to raise interest in ballooning. But within a few years, attendance fell at exhibitions as hot air ballooning lost its novelty.

The Civil War attracted many balloonists, but neither the North nor South appreciated the potential of the method for observing operations and enemy positions.

The great boom in balloon exhibitions appeared in the late 1880's after Thomas Scott Baldwin of Quincy developed the flexible parachute and exploited it in conjunction with balloon ascensions. With exhibition ticket prices at an all-

Thomas S. Baldwin (1854-1923) of Quincy is regarded as one of America's greatest early balloonists. Among the first in the county to make parachute descents from balloons, Baldwin also attained national prominence as the builder of America's first practical dirigible. A leader in the development of air-cooled engines, Baldwin also advanced glider aircraft through his experiments.

By 1904 Thomas Baldwin had become an outstanding designer and manufacturer of dirigibles and balloons. In 1908 he designed and built the U.S. Army Signal Corps' first aircraft and did the same for the Navy in 1915.

The famous California Arrow, a small nonrigid dirigible with the right combination of elongated gas bag and lightweight gasoline engine, was built and flown by Tom Baldwin in 1904 on the first circuitous flight of an airship. During the ten-year period of the California Arrow, Baldwin made far-sighted efforts to organize inter-city passenger transit in Illinois. In 1911 Baldwin's "Red Devil" was the first plane with metal framework construction.

time high, many balloonists decided to cash in on the newly-revived event. Soon after 1900, balloon ascensions and parachute jumps did not command the attention and respect.

But...the routine had not changed and the balloon itself had remained essentially the same for more than a century.

In Europe experimentors and inventors were seeking ways to redesign the balloon so that it would be more navigable. Henri Gifford, a French engineer, perfected a navigable airship in 1852 but designs in the next 20 years were of no real value to the development of the dirigible as we know it today. It was Albert and Gaston Tissandier who constructed an electrically powered dirigible. Two years later this dirigible was further perfected by Charles Renard and A.C. Krebs working with financial aid by the French government.

In the United States, Edward Pennington of Mt. Carmel, Illinois organized the *Aeronautical Company* to build airships that would revolutionize transportation. Exaggerated claims caused ridicule from the press and lack of support doomed the venture before it got started. In the first decade of the 20th century, Tom Baldwin succeeded in building airships with the right combination of materials, engine and design that were used as models during the next 10 years. Although many dirigible companies announced commercial passenger routes, this use of dirigibles proved premature and none progressed beyond the planning stage. A series of accidents, culminating in the loss of the Hindenburg, virtually put to an end the development of dirigibles for passenger use.

Aviation Pioneer

Octave Chanute 1832-1910

By 1893, the study of human flight had gained respectability. In scientific circles, advances in theoretical and practical work were largely the work of one man, Octave Chanute, aviation's first historian. Chanute was a legend for his design of complex bridges, railroad systems, and elevated trains. At the age of 57, he was a catalyst in the new era of aeronautical development. At his residence in Chicago, Chanute spent endless hours in the collection and documentation of the problems and solutions of flight. His publication of the problems, both failures and successes, published in the classic "Progress in Flying Machines" in 1894, gave the world the first compendium on flight. He sought no patents for his inventions but shared his research and findings openly; he believed the advancement of flight would be the labor of many.

His gliding experiments in crafts of his own design over the Indiana Dunes contributed much to flight science in the areas of control systems, stability of materials and aircraft structural strength. His strut-wire, braced-wings structure is still used in biplane aircraft.

Chanute always offered aid and encouragement to experimentors who sought his assistance. One such person was Wilbur Wright who wrote in a letter to Chanute that he had been "afflicted" for some time with the belief that flight in a heavier-than-air machine was within the grasp of man. Correspondence continued for more than a year before Chanute and the Wright brothers met. Although Chanute suffered failures of his own attempts with gliders and multiplewinged aircraft, Chanute did not lose interest in the Wright brothers' possible success. Through many obstacles Chanute dissuaded the Wrights from abandoning their experiments.

Wilbur Wright, in his 1911 eulogy of Chanute said, "...his writings were so lucid as to provide intelligent understanding of the nature of the problems of flight to a vast number of persons, he inspired and encouraged to the limits of his ability all who were devoted to the work, the entire history of progress of flying would have been older than it has been if he had not lived."

National Air Races, Curtis Field, 1930. The Keystone B-4 Panthers were the last biplane bombers to be mass-produced in the United States.



Courtesy Illinois Historical Society

Chanute Air Force Base

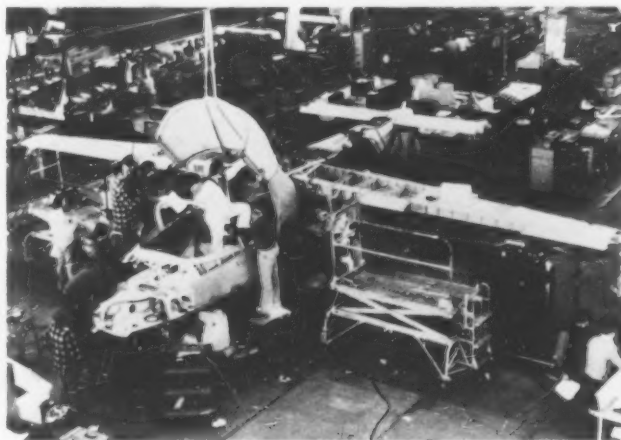
In that spirit, Chanute Air Force Base at Rantoul has trained more than 10 million people. The Air Training Command is the largest military school system in the free world. Chanute's mission is technical training. More than 1½ million have been graduated from this historic base since it trained pilots for the Western Front during World War I. Today, the areas of study include technical crafts from the most sophisticated aerospace systems to ground mechanics so necessary to "keep 'em flying".

Chanute Air Force Base is the United States Air Force's oldest technical training center and the third oldest air base. In mid-May 1917, Congress authorized the construction of Chanute Field. In less than 60 days, a corn field was transformed into an airfield. Chanute received its first Curtiss Jenny airplanes and pilots training began.

After World War I the demand for pilots dropped and Chanute was saved from oblivion when it became an Air Service technical training school. By 1923 nine steel hangers were completed and used as classrooms for new training programs. In 1938, with funds allocated from the WPA and a growing threat of a general European war, Chanute emerged as a permanent, modern aviation training facility.

America's sudden entrance into World War II spurred further expansion of Chanute. The Air Corps Technical Training Command was organized to accommodate 50,000 new planes and pilots. Throughout the war, all facilities were used to full potential to train aircraft maintenance personnel, weather observers and forecasters, life support personnel and metals processing specialists and pilots. A peak student load was reached in 1943 with 62,433 airmen.

In 1959, all technical bases underwent massive reorganization. Through several name changes, Chanute continued to train, in its assigned areas, the best qualified maintenance and weapon system support personnel in the world.



In response to the Department of Defense's program to consolidate inter-service training, Army, Navy, Marine Corps and Air Force students now attend classes in weather and fire protection training courses at Chanute.



Division of Aeronautics

State of Illinois

The Illinois Legislature, recognizing the contribution of civil aviation to the economic development of the state, created the Department of Aeronautics in 1945 which became a division of the Department of Transportation in 1972. The agency assists Illinois communities in developing airports by providing planning and engineering services, provides financial management of federal, state and local funds for airport development and improvement, promotes aviation safety through airport inspection and educational programs for airmen and interested citizens and provides timely and cost effective air transportation for Illinois public officials and emergency medical transportation for critically ill citizens.

Good airport facilities are vital to the economic growth of a community and necessary for a community that wishes to attract new industry. The Division of Aeronautics acts as an advisor and agent for the community by establishing a competitive process for selection of planners, architects, construction contractors and land appraisers, assists with applications for state and federal airport development and improvement funds, checks compliance with state and federal standards, environment and zoning requirements, and handles bidding processes and inspects construction materials.

The Bureau of Aviation Education and Safety certifies and inspects airports and heliports, registers Illinois pilots, aeromechanics, balloonists and ultralight enthusiasts, provides education for Illinois youth through administrative support of the Civil Air Patrol and curriculum development for Illinois schools and colleges with the guidance of the Illinois Aviation Education Advisory Committee.

servation missions which might be dedicated towards the elimination of poaching and transportation of fish from hatcheries. Photo missions for the Federal Department of Highways keep a specialized photo equipped aircraft busy taking pictures. Pilots undertake numerous other special missions, such as using new Forward Looking Infra-red (FLIR) equipment to aid in the search for missing children, as well as supporting the Department of Corrections and State Police.

The Bureau of Aircraft Maintenance is the aircraft service department for the Division of Aeronautics. The maintenance facility is a Federal Aviation Administration approved repair station that provides around the clock service to keep Division aircraft flying.

The Bureau's FAA certified technicians have the knowledge to service and repair any aircraft in the fleet. Mechanics assigned to this bureau will carry out a wide variety of tasks, from simple servicing through complex repairs for both fixed wing aircraft and helicopters. "In-house" maintenance has been proven to be the most cost effective means of providing quality workmanship while retaining maximum operational flexibility. "Quality control" specialists function separately tasked with providing the final inspections and sign offs which are designed to ensure that the highest professional safety standards are met. The Line Service Technicians compliment the section by providing for the cleanliness and positioning of "flight ready" aircraft, to mention but a couple of their tasks. Other personnel carry out the important functions of data processing, tracking and ordering of spare parts, all of which are vital functions of this operation.



The "Bureau of Air Operations" has responsibility for providing air transportation not only for the Governor, but numerous elected officials, cabinet members, agency directors and other State personnel. Schedulers communicate with the many and various State agencies, consolidate their needs and develop a daily flight schedule. Pilots are then assigned and the missions flown. These missions vary from executive transportation by fixed wing and helicopter aircraft, to con-

Behind the scenes, numerous functions take place to ensure that the State's aircraft, pilots and mechanics are ready to carry out their assignments safely and professionally. Each pilot must receive initial training as well as recurrent training in each type aircraft. Out of state schools and latest state of the art simulators are used to maximize learning and training to insure professional and safe operation of aircraft.



University of Illinois

Institute of Aviation

In 1943 the Illinois General Assembly approved funding for an airport and the development of an educational and public service program at the University of Illinois. In order to fulfill the educational mission, the Institute of Aviation established a pilot training program which graduated 25 students from the first class in 1946.

The institute currently has three educational programs:

- (1) the aircraft systems curriculum, which operates an approved aircraft maintenance program with instruction leading to certification in the airframe, powerplant and combined airframe and powerplant areas;
- (2) a combined curriculum involving flight and maintenance training; and
- (3) a two-year program which combines aviation and general education courses.

The Institute of Aviation also participates with Parkland College in a cooperative program in the aviation and electronics area.

Much of the thrust of education involves research and development. The University of Illinois Institute of Aviation, through its research activities is providing experimental data and answering questions that are both relevant to the field of aviation and that make substantial contributions to psychological and engineering theory.

Current research programs are diverse. They range from product testing of new synthetic and semi-synthetic multiviscosity oils to event-related brain potentials as an index of mental workload during flight. Other projects include a review of research on aviation display technology sponsored by General Motors; a study of individual differences and age-related performance assessment in naval aviators; human performance and workload in automated systems sponsored by NASA; a psychophysical assessment of the visual cues used in low level flight; identification of visual spatial skills for air intercept control and many other programs in the study of human factors and engineering.



(Top left and right) Fully instrumented, operational jet cell used for instruction for testing a jet engine.
(Bottom left) Instrument flight instruction using the Illinois Micro Aviation Computer (ILLIMAC) simulator.
(Bottom right) Movable engine test for aviation oil certification tests.



Aircraft engine maintenance class



Class in jet engine testing



Parks College

Aerospace Education

Parks College earned its wings in aviation education in 1928 with Air Agency Certificate No 1. Off to a flying start, the College offered courses which combined business training with flying. Education standards were quickly recognized by all major airlines and aircraft factories in the nation. Having geared up for a variety of training programs including instrument flying, Parks College was ready to increase flight training capacity from 400 to 7,000 pilots by the 1940's. Between 1940 and 1945, Parks trained 37,000 military aviation cadets which amounted to 10 percent of all U.S. Army Air Corps pilots as well as 2,000 mechanics.

Today, the curriculum covers all aspects of aerospace. The new McDonnell Douglas Avionics Laboratory is designed for use in teaching the specialized application of electronics to aeronautical and aerospace systems. One laboratory functions as a Federal Aviation Administration certified avionics maintenance and repair facility. The Aerodynamics Laboratory houses the college's wind tunnels and water tunnel. There is a subsonic wind tunnel for speeds to 150 mph and a supersonic blowdown tunnel with speeds to Mach 4. Senior students design and build a scale model aircraft to test in the low speed tunnel.

The demand for meteorologists is growing, too, in aviation and in many other fields. This is another vital program where emphasis is placed for air safety.

With the outlook for growth in the aerospace industry, aviation educators are providing the assurance that thousands of challenges will be met by highly qualified people with increased employment in the whole range of aviation. Transportation, travel and tourism represent some of the fastest growing industries in the country.



Various hands-on courses in Aviation Flight Technology, Meteorology and Aerodynamics. Students in bottom pictures are testing a scale model in the subsonic wind tunnel for continuous air speed to 150 mph.



Illinois Air National Guard

183rd Tactical Fighter Group

A significant portion of America's military strength is vested in its reserve forces. Coupled with its federal mission to provide the U.S. Air Force and Department of Defense with a trained, combat-ready tactical fighter force, the 183rd Tactical Fighter Group provides the State of Illinois support in the event of natural calamity, maintains peace and order and supports civil defense and pre-attack planning.

The Illinois Air National Guard was organized in 1948 as the 170th Fighter Squadron with the F-51 Mustang fighter as its cornerstone and 60 full-time technicians. The jet age of the 1950's brought new planes, honors and missions. The F-84 Thunderstreak was put into service in 1955 and by 1958, the 170th Fighter Squadron was named by the National Guard Bureau as the best all-around unit in the guard.

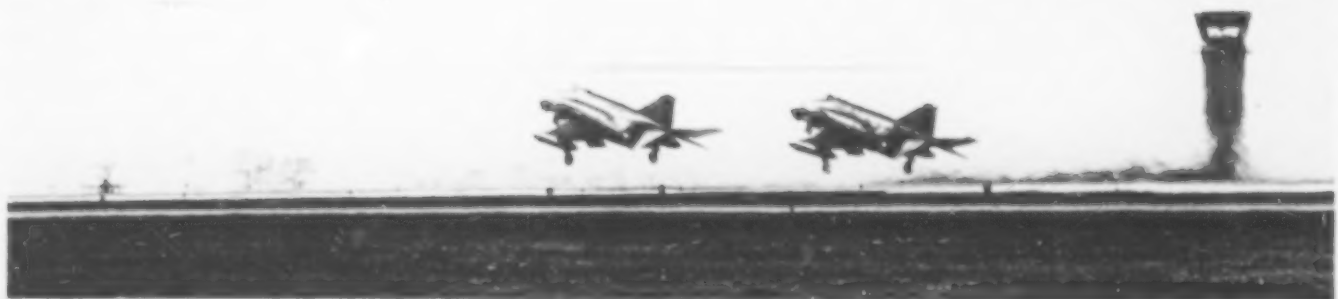
In 1967, organized five years earlier as a tactical fighter group, the 183rd participated in its first airborne training exercise, Clove Hitch III, in Puerto Rico. In 1970 eight F-84's were deployed to Alaska for a 10-day exercise.

Early in 1971, the Air Force designated the 183rd Tactical Group the first Group in the nation to be assigned the F-4 Phantom jet. By the end of the decade, after many successful flying missions, including an exercise at Ghedi Air Base, Italy, the group and all assigned units were awarded the prestigious Air Force Outstanding Unit Award.

The McDonnell Douglas F-4 Phantom jet first flew in St. Louis on May 27, 1958. The first F-4A and F-4B broke the "absolute speed at low level" record of 903 mph and the world's "absolute speed" record of 1,606 mph.

The F-4 Phantom is in service with the U.S. Air Force, Marine Corps and U.S. Navy, Air National Guard and Reserve. The 183rd Tactical Group is now equipped with 24 F-4D models and is installing smokeless engines and constantly updating its avionics and weapons systems, thereby improving our combat readiness capability.

The 183rd Tactical Fighter Group contributes significantly to the economic posture of Springfield and the surrounding communities. The 1,050 officers and airmen represent an annual part time payroll of \$4 million. In support of day-to-day operations, the guard employs 327 full-time personnel with a civilian payroll of \$8 million. In addition to salaries and expanded facilities, approximately \$1.5 million was spent for equipment, supplies and maintenance contracts.



Section II

Traditional Budgetary Financial Report



Illinois Funds System

At the end of fiscal year 1986 there were some 325 individual funds in the Illinois accounting system.

The Comptroller segregates these funds into two major categories for reporting purposes — Appropriated Funds and Non-Appropriated Funds.

The Appropriated Funds category is further separated into nine related fund groups — general, highway, university and college income, special state, bond financed, debt service, federal trust, revolving, and state trust funds. Historically, both the general and special state funds groups have included several individual funds which have not had appropriations but were considered to be either supporting appropriated spending from another fund or subject to appropriation. Also, several individual funds in the special state, federal trust, and state trust funds groups reflect spending from both appropriation and no appropriation accounts pursuant to Statute.

The Non-Appropriated Funds category is composed of federal trust funds and state trust funds.

In fiscal year 1986, appropriations totaling \$19.578 billion from 227 individual funds were passed by the General Assembly and approved by the Governor. Total warrants issued against these appropriations were \$16.020 billion while another \$389 million was charged to no appropriation accounts.

As the General Funds group is the State's largest and most important of the fund groups — evidenced by the fact that appropriations from the General Funds in fiscal year 1986 were \$10.380 billion or 53.0% of total appropriations from all funds and warrants charged to these General Funds appropriations were \$10.023 billion or 62.6% of total warrants issued against all appropriations — this report will first look at transactions in the General Funds, secondly review transactions in Appropriated Funds (including General Funds) as these funds represent the "Illinois State Budget", and lastly summarize transactions in all funds (Appropriated and Non-Appropriated) for informational purposes. This sequence of presentation is reflected in the following pages.

Ten Year History

General Funds Available Balances - End of Month

(millions)

Month	FY 1977	FY 1978	FY 1979	FY 1980*	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
July	\$ 104	\$ 124	\$ 256	\$ 552	\$ 446	\$ 260	\$ 105	\$ 101	\$ 358	\$ 611
August	116	125	247	544	446	184	105	147	369	528
September	108	123	202	535	469	118	98	217	384	461
October	52	103	211	536	399	112	92	123	379	354
November	107	103	204	383	280	120	43	80	334	208
December	169	110	209	383	392	168	29	208	331	308
January	115	95	259	495	283	102	117	297	480	249
February	87	103	324	433	259	77	15	294	496	112
March	113	123	383	384	211	134	72	294	580	265
April	104	74	366	426	134	142	65	307	591	245
May	112	123	434	505	202	195	24	293	680	283
June	52	86	390	390	197	187	110	217	479	288

* Adjusted to exclude Corporate Personal Property Replacement taxes which were passed through the General Funds in FY 1980.

General Funds Revenues

Total General Funds Revenues In Fiscal Year 1986 Were \$10.583 Billion

64.1¢ of each General Funds revenue dollar came from the two major taxes levied in Illinois.

33.5¢ or \$3.547 billion came from the state income taxes — individual (\$2.914 billion) and corporate (\$633 million).

30.6¢ or \$3.236 billion came from the state sales taxes. Effective with January 1984 sales, the sales tax rate was increased from 4.0% to 5.0%, the remaining 2.0% tax on food and drugs was removed, and a portion (3.75% of total receipts) directed to the new Build Illinois Fund.

Of the remaining 35.9¢ of each General Funds dollar:

14.8¢ came from federal sources (\$1.567 billion) with the major portion (92.8%) representing reimbursements to the Department of Public Aid.

21.1¢ or \$2.233 billion came from other state sources including public utility taxes (\$636 million), transfers from the Lottery Fund (\$552 million), cigarette taxes (\$190 million), investment income (\$126 million), and insurance tax and fees (\$124 million).

The cigarette tax rate was increased from 12¢ to 20¢ per package effective December 1, 1985.

The private sale of a used car tax was changed from a \$30 flat fee to a 5.0% ad valorem use tax effective October 1, 1985.

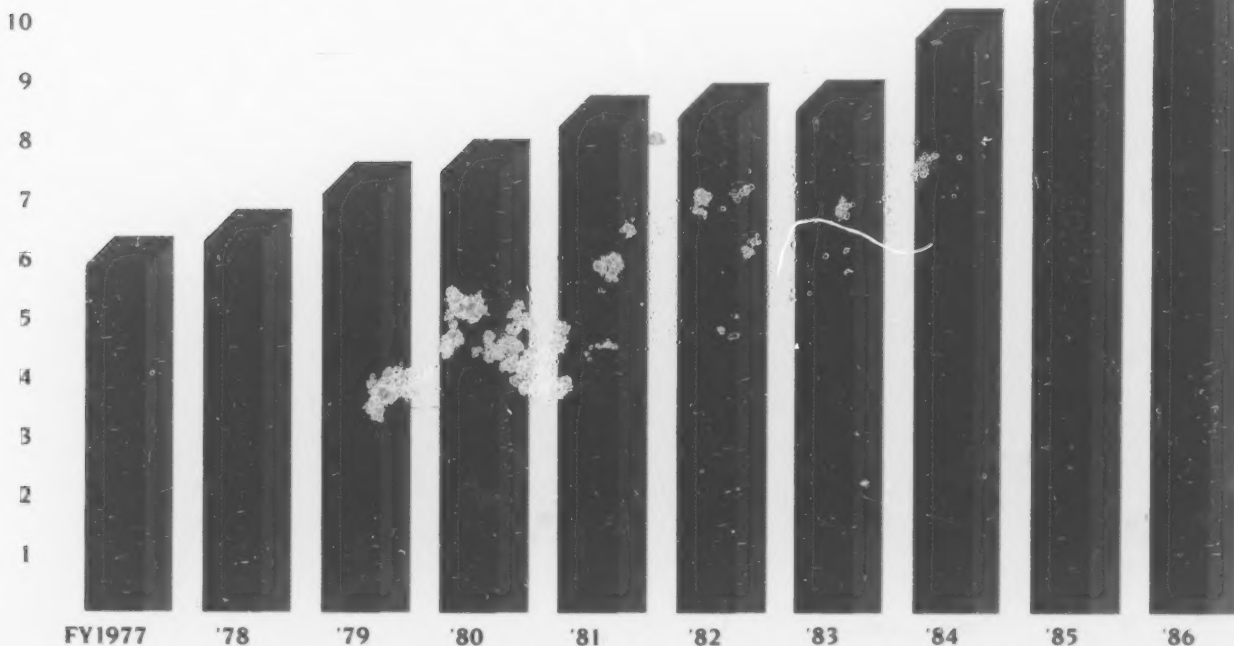
Of the \$141 million deposited in the Build Illinois Fund in fiscal year 1986 (\$107 million from sales taxes), \$63 million was returned (transfers in) to the General Funds.

Total General Funds revenues in fiscal year 1986 were \$266 million or 2.6% higher than comparable total revenues in fiscal year 1985 — the third smallest amount of increase in annual revenues in the General Funds in the last ten fiscal years (the increase in fiscal 1982 was \$165 million and the increase in fiscal 1983 was \$172 million) and the third smallest percent increase in annual revenues during the same period.

Ten Year History General Funds Revenues (millions)

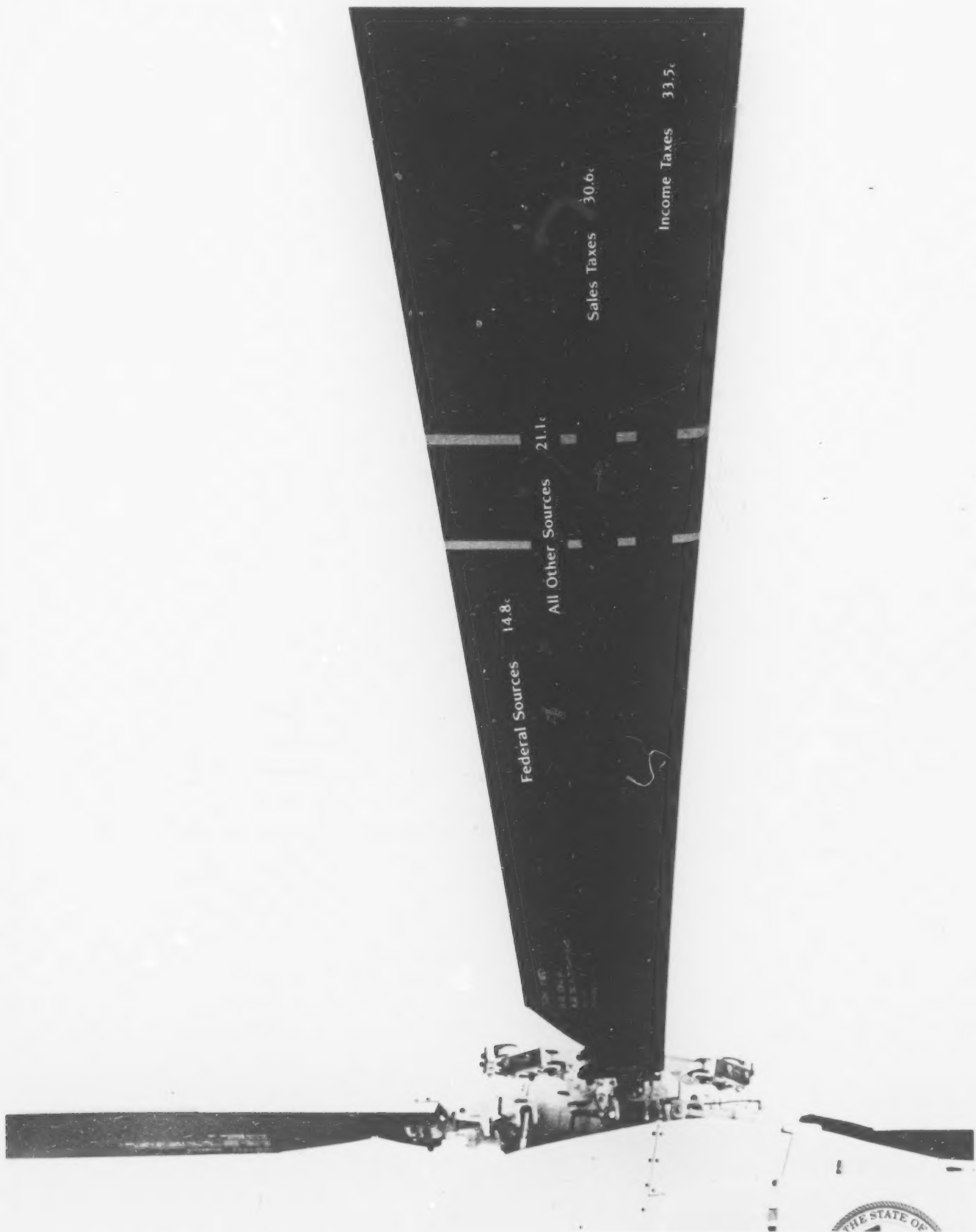
Fiscal Year	Total Revenues	Change	
		Amount	Percent
1977	\$ 5,930	\$ +468	+8.6 %
1978	6,343	+413	+7.0
1979	7,055	+712	+11.2
1980	7,442	+387	+5.5
1981	8,100	+658	+8.8
1982	8,265	+165	+2.0
1983	8,437	+172	+2.1
1984	9,707	+1,270	+15.1
1985	10,317	+610	+6.3
1986	10,583	+266	+2.6

\$11 Billion



General Funds

Where The Fiscal Year 1986 Dollar Came From



Analysis of Revenues

(millions)

	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1986 Increase or Decrease	
						Amount	Percent
State Sources:							
Cash Receipts:							
Income Taxes (gross)							
Individual	\$ 2,371	\$ 2,383	\$ 3,178	\$ 2,863	\$ 2,914	\$ +51	+1.8%
Corporate	495	416	549	595	633	+38	+6.4
Total, Income Taxes (gross)	2,866	2,799	3,727	3,458	3,547	+89	+2.6
Sales Taxes	2,322	2,383	2,639	3,120	3,236	+116	+3.7
Other Sources							
Public Utility Taxes	586	635	629	646	636	-10	
Cigarette Taxes	169	169	162	162	190	+28	
Investment Income	143	95	119	147	126	-21	
Insurance Tax & Fees	74	107	117	116	124	+8	
Liquor Gallonage Taxes	75	73	72	70	69	-1	
Corporation Franchise Tax & Fees	42	43	64	56	61	+5	
Inheritance Tax (gross)	162	143	109	63	57	-6	
Amnesty Taxes				76	31	-45	
Short-Term Borrowing		150	50				
Other Taxes, Licenses, Fees & Earnings	121	103	121	108	142	+34	
Total, Other Sources	1,372	1,518	1,443	1,444	1,436	-8	-0.6
Total, Cash Receipts	\$ 6,560	\$ 6,700	\$ 7,809	\$ 8,022	\$ 8,219	\$ +197	+2.5%
Transfers In From Other State Funds:							
Lottery Fund	\$ 138	\$ 215	\$ 358	\$ 506	\$ 552	\$ +46	
Personal Property Tax Replacement Fund	27	27	82	99	75	-24	
Build Illinois (Tourism) Fund				15	63	+48	
Protest Fund	14	31	30	27	43	+16	
Public Assistance Recoveries Fund	17	22	22	17	26	+9	
Local Sales Tax Funds	11	11	12	13	12	-1	
Vehicle Recycling Fund	3	4			9	+9	
Metropolitan Exposition Auditorium & Office Building Fund	32	8			5	+5	
Warrants Escheat Fund	2	3	3	4	4		
Public Building Fund				25	1	-24	
Discretionary		62*					
Agricultural Premium Fund	25	7					
All Other Funds	22	6	3	3	7	+4	
Total, Transfers In	\$ 291	\$ 396	\$ 510	\$ 709	\$ 797	\$ +88	+12.4%
Total, State Sources	\$ 6,851	\$ 7,096	\$ 8,319	\$ 8,731	\$ 9,016	\$ +285	+3.3%
Federal Sources:							
Cash Receipts:							
General Revenue Fund							
Department of Public Aid	\$ 69	\$ 36	\$ 34	\$ 1,486	\$ 1,454	\$ -32	
All Other Agencies	4	10	15	15	26	+11	
Total, General Revenue Fund	73	46	49	1,501	1,480	-21	
Federal Fiscal Assistance Fund			2				
Total, Cash Receipts	\$ 73	\$ 46	\$ 51	\$ 1,501	\$ 1,480	\$ -21	
Transfers In From Federal Trust Funds:							
Public Aid Trust Fund	\$ 1,341	\$ 1,295	\$ 1,337				
Other Federal Trust Funds				\$ 85	\$ 87	\$ +2	
Total, Transfers In	\$ 1,341	\$ 1,295	\$ 1,337	\$ 85	\$ 87	\$ +2	
Total, Federal Sources	\$ 1,414	\$ 1,341	\$ 1,388	\$ 1,586	\$ 1,567	\$ -19	-1.2%
Total, Revenues	\$ 8,265	\$ 8,437	\$ 9,707	\$ 10,317	\$ 10,583	\$ +266	+2.6%

*Gross borrowing from other state funds in first six months of FY 1983.

General Funds Expenditures

Total General Funds Expenditures Were \$10.780 Billion In Fiscal Year 1986

The major portion of expenditures for public aid, elementary and secondary education, higher education, and the overall administrative expenses of state government are paid from the General Funds.

The largest spending program from the General Funds in fiscal year 1986 was "Education" with total spending of \$3.870 billion or **35.9%** of each General Funds dollar expended. Spending for elementary and secondary education accounted for \$2.624 billion or 67.8% of this program with the remaining \$1.246 billion being spent for higher education (universities, community colleges, and scholarships).

The second largest spending program was for "Health and Social Services" with expenditures of \$2.790 billion or **25.9%** of each General Funds dollar spent, followed by related spending of \$1.415 billion (**13.1%** of each dollar) for the "Income Support" program.

Expenditures for other programs of \$1.945 billion (**18.0%** of each dollar spent) included spending for Public Protection and Justice (\$657 million), General Government (\$645 million), Refunds (\$489 million), Natural Resources and Recreation (\$104 million), Debt Service (\$33 million), and Transportation (\$20 million).

"Transfers Out" spending from the General Funds to other state funds was \$760 million in fiscal year 1986 or **7.1%** of each General Funds dollar expended and primarily represented money distributed to local governmental units or for general obligation bond debt service costs.

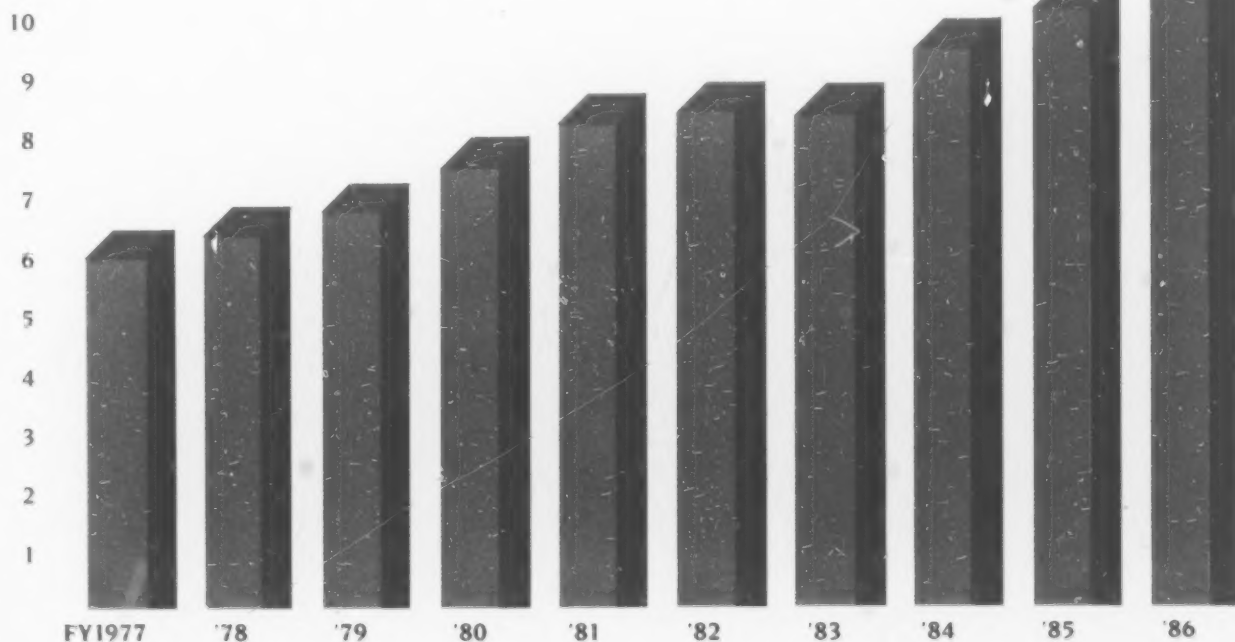
Total General Funds Expenditures in fiscal year 1986 were \$679 million or 6.7% higher than comparable spending in fiscal year 1985 — Education up \$429 million, Health and Social Services up \$133 million, Refunds down \$139 million, General Government up \$81 million, Public Protection and Justice up \$79 million, Income Support up \$67 million, all other functions up \$46 million, and Transfers Out down \$17 million (\$45 million of transfers for debt service suspended in fiscal year 1986 pursuant to Statute). In comparison, fiscal year 1984 reflected growth of \$1.038 billion — the largest amount of annual increase in spending in the history of the General Funds, while fiscal year 1983 reflected a decrease of \$10 million from comparable spending in fiscal year 1982 (the first time in the history of annual budgets that total annual expenditures have declined).

Ten Year History General Funds Expenditures (millions)

Fiscal Year	Total Expenditures*	Change	
		Amount	Percent
1977	\$ 6,031	\$ +451	+8.1%
1978	6,336	+305	+5.1
1979	6,843	+507	+8.0
1980	7,506	+663	+9.7
1981	8,172	+666	+8.9
1982	8,494	+322	+3.9
1983	8,484	-10	-0.1
1984	9,522	+1,038	+12.2
1985	10,101	+579	+6.1
1986	10,780	+679	+6.7

*15 months

\$11 Billion



Division of Aeronautics

Emergency Medical Air Transport System

Now into its seventeenth year of providing life-support transportation and equipment, the Illinois Emergency Medical Air Transportation System (EMS) is ranked first in the nation. In 1971 a federal grant initiated a program pioneered by Duane Moore which has been a model system of networking specially equipped State of Illinois Division of Aeronautics helicopters in Rockford, Peoria, Springfield and Carbondale. Four Bell Ranger helicopters and a Sikorsky S-76B for backup are equipped with built-in oxygen, medical (sterile) air, suction and electrical power for various kinds of aeromedical equipment to aid high-risk patients when transport by helicopter offered the best chance for survival. In 1986 over one thousand critical patients were flown to trauma centers throughout the State. Illinois National Guard helicopters based in Decatur and Chicago provide backup for the State helicopters during those times when they are down for maintenance, on another EMS mission or otherwise unavailable on a timely basis. Illinois DOT helicopters are on standby status 24 hours a day, 7 days a week and can usually reach any community in Illinois within 45 minutes. No person is without this service.

In other words, accident victims, premature babies and other medical emergencies are real life dramas not just TV stories and Illinois is in the forefront of yet another arena. (In recognition of his leadership and contribution in establishing the Illinois Helicopter EMS and hospital heliport system, Duane Moore has been selected as the 1986 recipient of the Marriott Carlson award.)



(Top) Twin high-risk premature babies
(Center) Trauma patient transported in East St. Louis
(Bottom) High-risk pregnancy further complicated by inclement weather and farm road closed.



Staff Photo Barry Luchter, The State Journal-Register

General Funds

Where The Fiscal Year 1986 Dollar Was Spent

By Agency



Public Aid 29.3%

State Board of Education 24.1%

All Other Agencies 16.7%

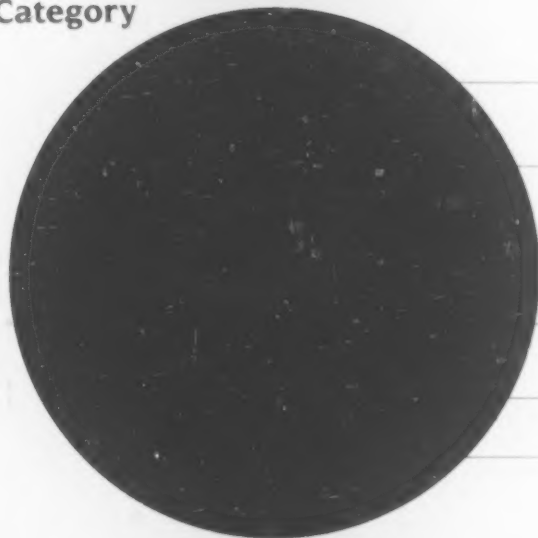
Higher Education 11.5%

Transfers Out 7.1%

Revenue 6.1%

Mental Health 5.2%

By Category



Awards and Grants 60.8%

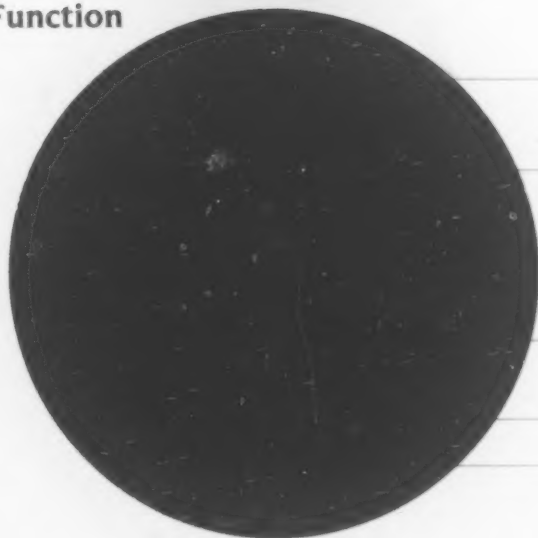
Operations 27.1%

Transfers Out 7.1%

Refunds 4.5%

Debt Service and Other 0.5%

By Function



Education 35.9%

Health and Social Services 25.9%

All Other Functions 18.0%

Income Support 13.1%

Transfers Out 7.1%

Analysis of Expenditures

(millions)

						FY 1986	
						Increase or Decrease	
Warrants Issued:	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	Amount	Percent
By Agency:							
Public Aid	\$ 2,834	\$ 2,845	\$ 2,924	\$ 3,065	\$ 3,161	\$ +96	+3.1%
State Board of Education	2,133	1,997	2,127	2,296	2,600	+304	+13.2
Higher Education Agencies:							
University of Illinois	359	342	384	410	452	+42	+10.2
Community College Board	163	152	156	168	189	+21	+12.5
Southern Illinois University	133	122	134	141	157	+16	+11.3
Scholarship Commission	88	92	104	109	123	+14	+12.8
All Other	273	257	279	292	322	+30	+10.3
Total, Higher Education Agencies, ...	1,016	965	1,057	1,120	1,243	+123	+11.0
Revenue	390	402	675	792	657	-135	-17.0
Mental Health and Developmental Disabilities	504	514	533	544	565	+21	+3.9
All Other Agencies:							
Corrections	235	244	289	334	377	+43	+12.9
Children and Family Services	152	162	170	190	213	23	+12.1
Central Management Services	120	127	148	158	158	0	0.0
Judicial Agencies	81	92	102	116	131	+15	+12.9
Treasurer	7	7	216	6	12	+6	+100.0
Other Agencies	464	451	561	706	906	+200	+28.3
Total, All Other Agencies	1,059	1,083	1,486	1,510	1,797	+287	+19.0
Prior Year Adjustments	-1	-2	-2	-3	-3	0	0.0
By Category:							
Awards and Grants	\$ 5,494	\$ 5,377	\$ 5,673	\$ 6,069	\$ 6,553	\$ +484	+8.0%
Operations	2,180	2,164	2,394	2,607	2,922	+315	+12.1
Refunds	250	259	523	628	489	-139	-22.1
Debt Service	0	0	209	16	33	+17	100.0
Permanent Improvements	12	6	3	7	26	+19	275.0
Prior Year Adjustments	-1	-2	-2	-3	-3	0	0.0
By Function:							
Education	\$ 3,156	\$ 2,974	\$ 3,212	\$ 3,441	\$ 3,870	\$ +429	+12.5%
Health and Social Services	2,383	2,364	2,438	2,657	2,790	+133	+5.0
Income Support	1,249	1,285	1,330	1,348	1,415	+67	+5.0
Public Protection and Justice	383	402	504	578	657	+79	+13.7
General Government	447	463	512	564	645	+81	+14.4
Refunds	250	259	523	628	489	-139	-22.1
Natural Resources and Recreation	58	53	62	82	104	+22	+26.8
Debt Service	0	0	209	16	33	+17	100.0
Transportation	10	6	12	13	20	+7	+53.8
Prior Year Adjustments	-1	-2	-2	-3	-3	0	0.0
Total, Warrants Issued							
15 Months	\$ 7,935	\$ 7,804	\$ 8,800	\$ 9,324	\$ 10,020	\$ +696	+7.5%
Transfers Out	559	680*	722	777	760	-17	-2.2
Total, Expenditures	\$ 8,494	\$ 8,484	\$ 9,522	\$ 10,101	\$ 10,780	\$ +679	+6.7%

* Includes payback of discretionary transfers (borrowing) to other state funds of \$62 million

Federal Aviation Administration

50 Years

1986 was a landmark year for the Federal Aviation Administration as it celebrated 50 years of responsibility for air traffic control. The government's first official involvement in aviation began when the Air Commerce Act of 1926 established the Aeronautics Branch under the Department of Commerce. Its purpose was to promote flying safety, certify pilots, and issue flight information. In an effort to provide aviation with its own identity, the Civil Aeronautics Act of 1938 established the Civil Aeronautics Authority as an independent agency. The rapid growth of aviation following World War II again called for a change and in 1958 the Federal Aviation Agency was born. In 1967 the Federal Aviation Agency was put under the Department of Transportation and became the Federal Aviation Administration (FAA). Throughout this evolution from 1926 to the present the primary mission has remained the same — ensuring the safe, orderly growth and movement of air traffic.

One specialization of the air traffic segment of the FAA is the Airport Traffic Control Tower (ATCT).

Airport Traffic Control Towers are divided into five levels, based on the amount of traffic generated with Level I the lowest and Level V the highest.

The facility at Capital Airport, Springfield, Illinois is a Level III Airport Traffic Control Tower, ranking 174th out of a total of 399 control towers in total itinerant operations.

The first control tower at Capital Airport was situated on the top of the Terminal Building and was staffed with a total of 12 personnel. In August 1980, personnel relocated into a new 1.8 million dollar facility west of the airport that was equipped with the latest state of the art radar system. The staffing level has increased to 32 employees.

Air traffic at Capital Airport has been increasing steadily the last four years and was up 18% for 1986, totaling 118,991 airport operations. In contrast to the larger airports such as O'Hare, St. Louis, and Detroit, the bulk of the traffic at Springfield consists of general aviation aircraft. In addition to general aviation, Springfield also provides service to the airlines, commuters, A.N.G. F4s, and various flight training operators that utilize Capital Airport.

Springfield continues to receive the latest in state of the art equipment to provide the users with the best service possible. Springfield Tower commissioned the Low Level Wind Shear Alert System in 1986, and will be updating the radar service in the near future to include Ground Speed Readout, Minimum Safe Altitude Warning, and Conflict Alert Systems.

The Springfield location also serves as the South Area Office for administrative and technical responsibility for all navigation, communication, instrument landing systems, air traffic control tower facilities, visual NAVAIDS and environmental equipment for the State of Illinois.



General Funds Summary of Transactions

Fiscal Year Ended June 30, 1986
(millions)

Available Balance Concept

Budgetary Balance Concept

Beginning Balances

\$ 479 Available Balance on June 30, 1985

Less Lapse Period Warrants Issued from
Fiscal Year 1985 Appropriations:

Operations	\$ 145
Awards and Grants	246
Refunds	43
Permanent Improvements	1
Total	\$ 435

Budgetary Balance to begin

Fiscal Year 1986 \$ 44

Plus Revenues

State Sources:

Cash Receipts:	
Income Taxes (gross)	\$ 3,547
Sales Taxes	3,236
Other Sources	1,436
Transfers In from Other State Funds	797
Total, State Sources	\$ 9,016

Federal Sources:

Cash Receipts	\$ 1,480
Transfers In	87
Total, Federal Sources	\$ 1,567

\$10,583 Total, Revenues \$10,583

Less Expenditures

From FY 1986 Appropriations and Lapse Period
Spending from FY 1985 Appropriations

From Fiscal Year 1986 Appropriations

12 Months Warrants Issued

\$ 2,894
6,566
503
33
21
-3
\$10,014
760
\$10,774

Operations
Awards and Grants
Refunds
Debt Service
Permanent Improvements
Prior Year Adjustments
Total, Warrants Issued
Transfers Out
Total Expenditures

15 Months Warrants Issued

\$ 2,922
6,553
489
33
26
-3
\$10,020
760
\$10,780

Equals Ending Balances

\$ 288 Available Balance on June 30, 1986

Less Lapse Period Warrants Issued from
Fiscal Year 1986 Appropriations

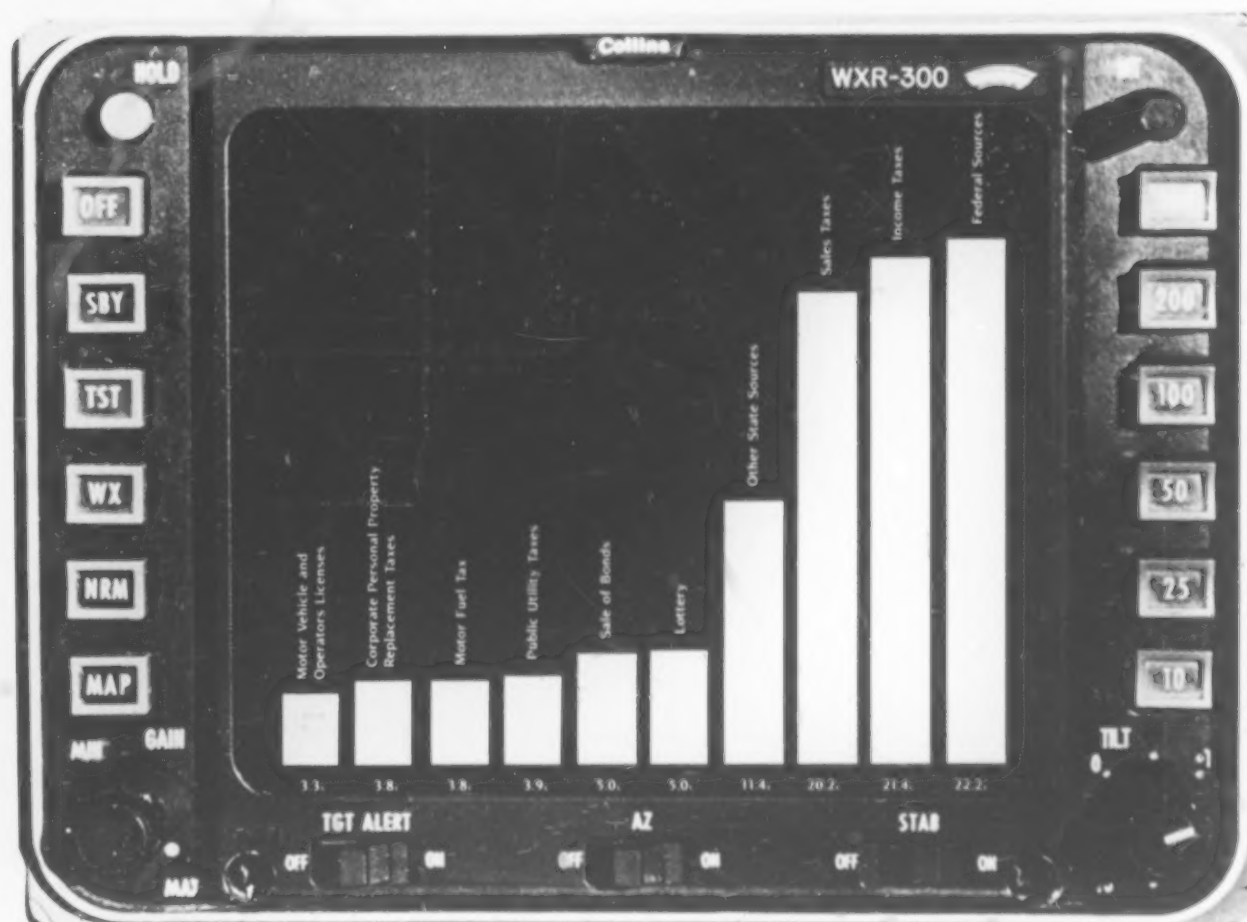
Operations	\$ 172
Awards and Grants	233
Refunds	29
Permanent Improvements	7
Total	\$ 441

Negative Budgetary Balance to begin

Fiscal Year 1987 \$ -153

Appropriated Funds

Where The Fiscal Year 1986 Dollar Came From



Total Appropriated Funds Revenues Were \$16.577 Billion In Fiscal Year 1986

In any serious discussion of State fiscal affairs, a look at revenues and expenditures from the General Funds must be followed by a review of transactions in the Appropriated Funds group as these funds comprise the "Illinois State Budget."

As General Funds revenues account for the major portion of Total Appropriated Funds revenues, the two major state tax sources of General Funds revenues are also key revenue sources under Appropriated Funds.

In fiscal year 1986, \$3.687 billion or 22.2% of each appropriated revenue dollar came from federal sources. \$1.566 billion or 42.5% of this total was directed to the General Funds (including reimbursements for public aid and social services expenditures) while \$636 million was received for highway purposes. Of the remaining \$1.485 billion, \$1.319 billion was deposited into the various Federal trust funds in the State Treasury, \$139 million directed to State trust funds, \$17 million to Special state funds, and \$10 million to Debt service funds.

Another \$3.547 billion or 21.4% of each appropriated revenue dollar in fiscal year 1986 came from individual and corporate income taxes while \$3.343 billion or 20.2% came from sales taxes.

The remaining \$6.000 billion or 36.2% of each appropriated revenue dollar in fiscal year 1986 included \$826 million from lottery tickets and licenses, \$820 million from the sale of bonds (\$267 million for refunding bonds), \$646 million from public utility taxes, \$637 million from the motor fuel tax (the rate increased from 7.5¢ per gallon in fiscal 1983, to 11¢ in fiscal 1984, to 12¢ in fiscal 1985, and to 13¢ in fiscal 1986), \$635 million from corporate personal property replacement taxes, \$555 million from motor vehicle and operators licenses (reflecting increased fees) and \$1.881 billion from all other sources.

Total Appropriated Funds revenues in fiscal year 1986 were \$1.261 billion or 8.2% higher than comparable revenues in fiscal year 1985 — state sources up \$652 million, federal sources up \$137 million, and the sale of bonds up \$472 million. The major revenue increases in state sources were \$191 million in state sales taxes, \$174 million in other taxes, licenses and earnings, \$93 million in oil overcharges, \$78 million in lottery tickets and licenses, \$61 million in corporate personal property replacement taxes, and \$51 million in individual income taxes.

The average annual increase in Appropriated Funds revenues over the past three fiscal years is \$1.524 billion — fiscal year 1984 up \$2.083 billion, fiscal year 1985 up \$1.228 billion, and fiscal year 1986 up \$1.261 billion.

Analysis of Revenues

(millions)

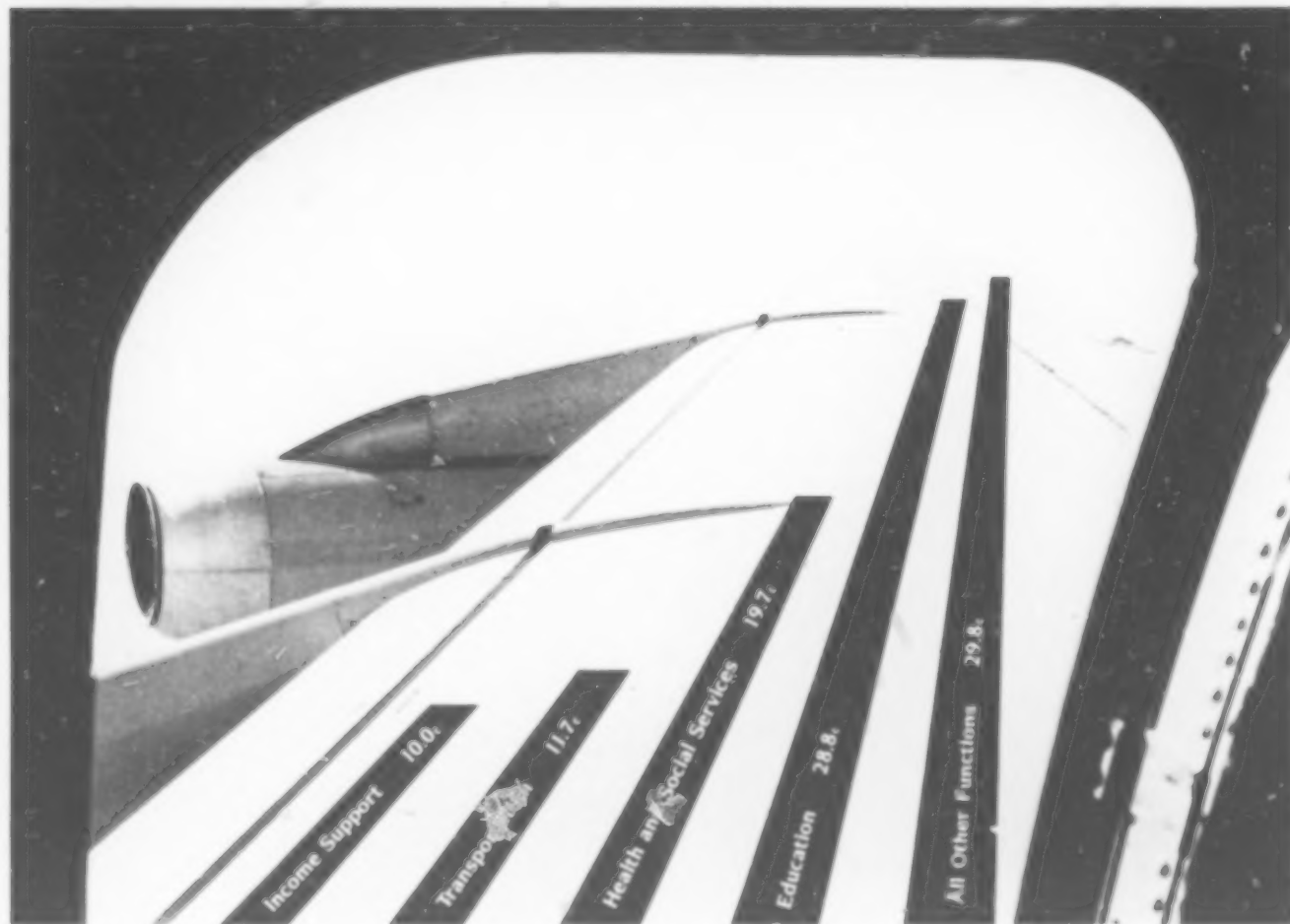
	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	FY 1986 Increase or Decrease	
						Amount	Percent
State Sources:							
Cash Receipts:							
Income Taxes (gross)							
Individual	\$ 2,371	\$ 2,383	\$ 3,178	\$ 2,863	\$ 2,914	\$ +51	+1.8%
Corporate	495	416	549	595	633	+38	+6.4
Total, Income Taxes (gross)	2,866	2,799	3,727	3,458	3,547	+89	+2.6
Sales Taxes	2,322	2,383	2,639	3,152	3,343	+191	+6.1
Other State Sources							
Lottery Tickets & Licenses	163	250	492	748	826	+78	
Public Utility Taxes	595	645	639	657	646	-11	
Motor Fuel Tax (gross)	375	371	544	627	637	+10	
Corporate Personal Property							
Replacement Taxes	455	434	504	574	635	+61	
Motor Vehicle & Operators Licenses	341	338	428	540	555	+15	
Tuition & Other University Income	132	157	180	196	205	+9	
Cigarette Taxes	174	173	167	167	195	+28	
Investment Income	174	114	140	178	160	-18	
Revolving Funds	101	109	106	135	149	+14	
Insurance Tax & Fees	81	114	123	127	137	+10	
Oil Overcharges				3	96	+93	
Liquor Gallonage Taxes & Licenses	77	75	73	72	71	-1	
Corporation Franchise Tax & Fees	41	43	64	56	61	+5	
Horse Racing Taxes & Fees	69	71	65	65	58	-7	
Inheritance Tax (gross)	161	143	109	63	57	-6	
Hotel Tax	33	34	38	50	56	+6	
Amnesty Taxes				76	38	-38	
Short-term Borrowing		150	50				
Other Taxes, Licenses & Earnings	271	255	357	340	514*	+174	
Total, Other State Sources	3,243	3,476	4,079	4,674	5,096	+422	+9.0
Total, Cash Receipts	\$ 8,431	\$ 8,658	\$ 10,445	\$ 11,284	\$ 11,986	\$ +702	+6.2%
Transfers In From Other State Funds:							
Protest Fund	\$ 16	\$ 33	\$ 30	\$ 74	\$ 43	\$ -31	
Farm Credit Payment Adjustment Fund					24	+24	
Municipal & County Sales Tax Funds	11	11	13	14	12	-2	
Warrant Escheat Fund	2	3	3	4	4		
Public Building Fund				25	1	-24	
Public Assistance Recoveries Fund	17	22		17		-17	
Total Transfers In	\$ 46	\$ 69	\$ 46	\$ 134	\$ 84	\$ -50	
Total State Sources	\$ 8,477	\$ 8,727	\$ 10,491	\$ 11,418	\$ 12,070	\$ +652	+5.7%
Federal Sources:							
Cash Receipts:							
General Funds	\$ 73	\$ 46	\$ 52	\$ 1,502	\$ 1,480	\$ -22	
Highway Funds	426	442	621	595	636	+41	
Special State Funds	5	7	7	7	7		
Debt Service Funds	2	3	1	2	10	+8	
Federal Trust Funds	875	1,013	1,114	1,220	1,288	+68	
State Trust Funds	33	37	46	90	139	+49	
Total, Cash Receipts	\$ 1,414	\$ 1,548	\$ 1,841	\$ 3,416	\$ 3,560	\$ +144	
Transfers In:							
Public Aid Trust Fund							
General Funds	\$ 1,380	\$ 1,340	\$ 1,396				
Social Services Block Grant Fund							
General Funds				\$ 85	\$ 86	\$ +1	
Special State Funds				10	10		
Federal Trust Funds				39	31	-8	
Total, Transfers In	\$ 1,380	\$ 1,340	\$ 1,396	\$ 134	\$ 127	\$ -7	
Total, Federal Sources	\$ 2,794	\$ 2,888	\$ 3,237	\$ 3,550	\$ 3,687	\$ +137	+3.9%
Sale of Bonds	\$ 200	\$ 390	\$ 360	\$ 348	\$ 820**	\$ +472	....
Total Revenues — Appropriated Funds	\$ 11,471	\$ 12,005	\$ 14,088	\$ 15,316	\$ 16,577	\$ +1,261	+8.2%

* Includes Fund Transfers of \$32 million for Farm Aid and \$30 million to the Mental Health Fund

** Includes \$198 million in General Obligation Refunding bonds, \$98 million in Build Illinois bonds, and \$88 million (\$69 million for refunding) in Civic Center bonds.

Appropriated Funds

Where The Fiscal Year 1986 Dollar Was Spent



Total Appropriated Funds Expenditures Were \$16.399 Billion In Fiscal Year 1986

The largest spending agency from Appropriated Funds was the Department of Public Aid with expenditures of \$3.348 billion or **20.4%** of each fiscal year 1986 appropriated dollar. Of this total, \$3.002 billion or 89.7% was expended for the various grant programs.

The next largest spending agency was the State Board of Education with spending of \$3.072 billion or **18.7%** of each appropriated dollar expended. \$1.676 billion or 54.6% of this total was for general apportionment payments to local schools.

The third largest spending agency was the Department of Transportation with expenditures of \$1.928 billion or **11.7%** of each dollar of total spending from Appropriated Funds. \$1.011 billion or 52.4% of this total was for highway/waterway construction.

Spending by the Department of Revenue totaled \$1.733 billion or **10.6%** of each appropriated dollar expended in fiscal year 1986. Included in this total was \$500 million in payments to local governments from the Personal Property Tax Replacement Fund, \$494 million for refunds, \$261 million for payment of prizes from the State Lottery Fund, and \$257 million in grants to local governments from the Local Government Distributive Fund (1/12 of net state income taxes).

Expenditures for Higher Education agencies were \$1.588 billion or **9.7%** of each appropriated dollar spent in fiscal year 1986. \$543 million or 34.2% of the total was for the University of Illinois.

Only two other agencies had expenditures in excess of \$600 million in fiscal year 1986 — the State Treasurer with spending of \$670 million (**4.1%** of each appropriated dollar) which included \$654 million for debt service (\$198 million for refunding bonds) and the Department of Mental Health and Developmental Disabilities with spending of \$641 million or **3.9%** of each appropriated dollar (\$227 million for grants for local care).

Spending by all other agencies in fiscal year 1986 from Appropriated Funds was \$3.429 billion or **20.9%** of each appropriated dollar spent. Three agencies had spending in excess of \$300 million — Commerce and Community Affairs \$518 million (includes new spending of \$86 million from Illinois Civic Center funds and \$34 million from Build Illinois funds), Corrections \$391 million, and Central Management Services \$379 million.

Total expenditures from Appropriated Funds in fiscal year 1986 were \$1.393 billion or 9.3% above comparable spending in fiscal year 1985 — the increase in fiscal year 1985 was \$1.301 billion and in fiscal year 1984 \$1.680 billion. Such increases over the past three fiscal years are unprecedented — twenty five years ago, total spending was \$1.289 billion in fiscal year 1962.

Analysis of Expenditures

(millions)

(millions)						FY 1986 Increase or Decrease	
Warrants Issued:	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986	Amount	Percent
By Agency:							
Public Aid	\$ 2,899	\$ 2,933	\$ 3,069	\$ 3,218	\$ 3,348	\$ +130	+4.0%
State Board of Education	2,540	2,417	2,554	2,726	3,072	+346	+12.7
Transportation	1,169	1,257	1,593	1,870	1,928	+58	+3.1
Revenue	1,091	1,083	1,486	1,833	1,733	-100	-5.5
Higher Education Agencies							
University of Illinois	411	408	462	498	543	+45	+9.0
Scholarship Commission	112	122	143	189	240	+51	+27.0
Southern Illinois University	162	157	172	181	198	+17	+9.4
Community College Board	163	152	157	170	191	+21	+12.4
All Other	339	330	360	380	416	+36	+9.5
Total, Higher Education Agencies	1,187	1,169	1,294	1,418	1,588	+170	+12.0
Treasurer	337	372	621	438	670	+232	+53.0
Mental Health and Developmental Disabilities	536	559	573	579	641	+62	+10.7
All Other Agencies							
Commerce and Community Affairs	160	199	261	359	518	+159	+44.3
Corrections	243	255	304	347	391	+44	+12.7
Central Management Services	255	271	316	360	379	+19	+5.3
Children and Family Services	175	186	197	221	249	+28	+12.7
Employment Security and Labor	133	144	157	170	178	+8	+4.7
Secretary of State	126	133	146	163	174	+11	+6.7
Public Health	89	94	122	131	154	+23	+17.6
State Police (Law Enforcement)	97	102	107	122	145	+23	+18.9
Capital Development Board	211	182	164	159	141	-18	-11.3
Judicial Agencies	81	93	103	117	132	+15	+12.8
Rehabilitation Services	79	82	87	102	126	+24	+23.5
All Other	483	502	556	683	842	+159	+23.3
Total, All Other Agencies	2,132	2,243	2,520	2,934	3,429	+495	+16.9
Prior Year Adjustments	-10	-8	-5	-10	-10		
By Category:							
Awards and Grants	\$ 7,374	\$ 7,329	\$ 7,987	\$ 8,755	\$ 9,613	\$ +858	+9.8%
Operations	3,204	3,306	3,602	3,981	4,351	+370	+9.3
Highway/Waterway Construction	549	603	789	1,005	1,011	+6	+0.6
Debt Service	324	360	622	458	777	+319	+69.7
Refunds	263	274	545	652	508	-144	-22.1
Permanent Improvements	177	161	165	165	149	-16	-9.7
Prior Year Adjustments	-10	-8	-5	-10	-10		
By Function:							
Education	\$ 3,816	\$ 3,649	\$ 3,899	\$ 4,187	\$ 4,729	\$ +542	+12.9%
Health and Social Services	2,664	2,691	2,754	3,034	3,233	+199	+6.6
Transportation	1,160	1,251	1,586	1,859	1,917	+58	+3.1
Income Support	1,372	1,415	1,549	1,552	1,638	+86	+5.5
All Other Functions							
General Government	1,585	1,659	1,903	2,322	2,544	+222	+9.6
Public Protection and Justice	533	567	681	765	815	+50	+6.5
Debt Service	324	360	622	458	777	+319	+69.7
Refunds	263	274	545	652	508	-144	-22.1
Natural Resources and Recreation	174	167	171	187	248	+61	+32.6
Total, All Other Functions	2,879	3,027	3,922	4,384	4,892	+508	+11.6
Prior Year Adjustments	-10	-8	-5	-10	-10		
Total, Expenditures in 15 Months	\$ 11,881	\$ 12,025	\$ 13,705	\$ 15,006	\$ 16,399	\$ +1,393	+9.3%

Appropriated Funds

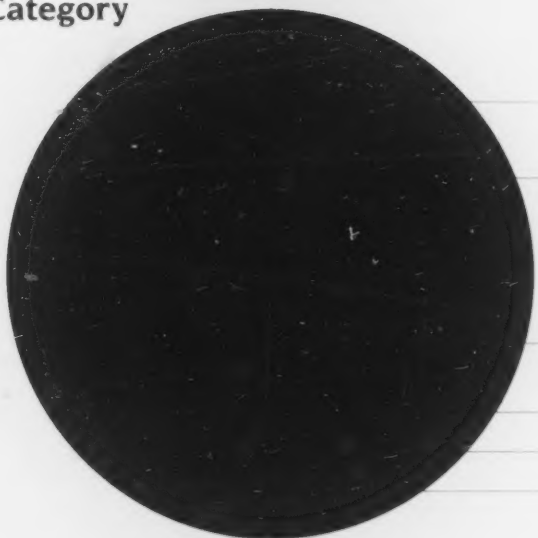
Where The Fiscal Year 1986 Dollar Was Spent

By Agency



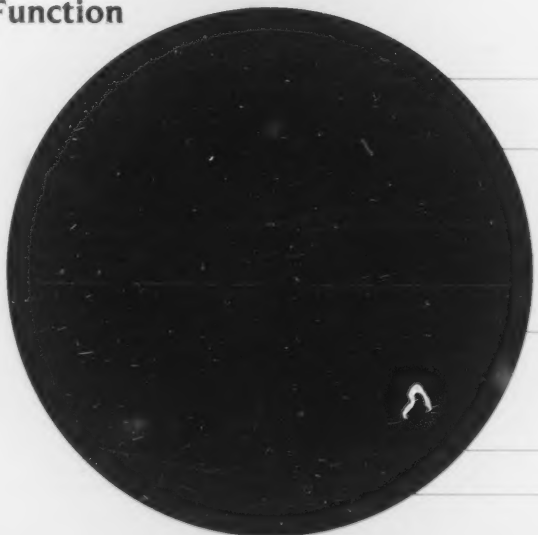
Public Aid	20.4%
State Board of Education	18.7%
Transportation	11.7%
Revenue	10.6%
Higher Education	9.7%
Mental Health	3.9%
Treasurer	4.1%
All Other Agencies	20.9%

By Category



Awards and Grants	58.6%
Operations	26.5%
Highway/Waterway Construction	6.2%
Debt Service	4.7%
Refunds	3.1%
Permanent Improvements	0.9%

By Function



Education	28.8%
Health and Social Services	19.7%
Transportation	11.7%
Income Support	10.0%
All Other Functions	29.8%

Summary of Transactions

Fiscal Year Ended June 30, 1986
(millions)

Available Balance Concept

Budgetary Balance Concept

Beginning Balances

\$ 1,393 Available Balance on June 30, 1985

Less Lapse Period Warrants Issued from
Fiscal Year 1985 Appropriations:

Operations	\$ 349
Awards and Grants	417
Refunds	46
Permanent Improvements	5
Total	\$ 817

Budgetary Balance to begin Fiscal Year 1986 \$ 576

+15 Adjustments for Changes in Fund Classifications +14

\$ 1,408 Adjusted Balances \$ 590

Plus Revenues

State Sources:

Cash Receipts	\$11,986
Transfers In	84
Total, State Sources	\$12,070

Federal Sources:

Cash Receipts	\$ 3,560
Transfers In	127
Total, Federal Sources	\$ 3,687

Sale of Bonds \$ 820

\$16,577 Total, Revenues \$16,577

Less Expenditures

From FY 1986 Appropriations and Lapse Period
Spending from FY 1985 Appropriations

From Fiscal Year 1986 Appropriations

12 Months Warrants Issued

15 Months Warrants Issued

\$ 4,335	Operations	\$ 4,351
9,576	Awards and Grants	9,613
1,011	Highway/Waterway Construction	1,011
524	Refunds	508
777	Debt Service	777
143	Permanent Improvements	149
-10	Prior Year Adjustments	-10
\$16,356	Total, Expenditures	\$16,399

Equals Ending Balances

\$ 1,629 Available Balance on June 30, 1986

Less Lapse Period Warrants Issued from
Fiscal Year 1986 Appropriations:

Operations	\$ 366
Awards and Grants	454
Refunds	30
Permanent Improvements	11
Total	\$ 861

Budgetary Balance to begin Fiscal Year 1987 \$ 768

Appropriated Funds Ten Year History

(millions)

Fund Group	FY 1977	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
Cash Receipts										
General Funds	\$ 4,824	\$ 5,282	\$ 5,853	\$ 6,341*	\$ 6,484	\$ 6,633	\$ 6,746	\$ 7,861	\$ 9,523	\$ 9,700
Highway Funds	1,110	999	1,062	1,352	1,325	1,190	1,198	1,641	1,813	1,888
University Income Funds	75	90	89	108	118	134	158	181	197	206
Special State Funds	241	213	210	625*	797	813	893	1,214	1,612	1,889
Bond Financed Funds	386	405	540	300	390	200	395	361	348	622
Debt Service Funds	6	10	15	19	16	13	9	8	11	220
Federal Trust Funds	554	625	686	805	978	897	1,027	1,129	1,237	1,399
Revolving Funds	64	65	71	78	95	101	109	106	135	149
State Trust Funds	161	216	87	124	66	64	61	145	172	293
Total, Cash Receipts	\$ 7,421	\$ 7,905	\$ 8,613	\$ 9,752	\$ 10,269	\$ 10,045	\$ 10,596	\$ 12,646	\$ 15,048	\$ 16,366

Appropriations

General Funds	\$ 5,813	\$ 6,032	\$ 6,529	\$ 7,120	\$ 7,795	\$ 8,074	\$ 8,132	\$ 8,986	\$ 9,561	\$ 10,380
Highway Funds	1,483	1,583	1,841	2,366	2,609	1,997	2,259	2,850	2,973	2,933
University Income Funds	82	93	92	108	118	140	167	186	206	215
Special State Funds	434	465	532	1,050	1,019	987	1,073	1,126	1,442	1,713
Bond Financed Funds	1,458	1,386	1,322	1,388	1,417	1,301	1,201	1,131	1,137	1,593
Debt Service Funds	152	193	220	252	283	324	360	404	433	489
Federal Trust Funds	719	876	897	1,114	1,273	1,357	1,298	1,608	1,802	1,860
Revolving Funds	70	70	78	87	101	112	127	130	153	173
State Trust Funds	42	71	73	89	71	73	72	95	171	222
Total, Appropriations	\$ 10,253	\$ 10,769	\$ 11,584	\$ 13,574	\$ 14,686	\$ 14,365	\$ 14,689	\$ 16,516	\$ 17,878	\$ 19,578

Warrants Issued**

General Funds	\$ 5,655	\$ 5,909	\$ 6,359	\$ 6,946	\$ 7,650	\$ 7,935	\$ 7,804	\$ 8,800	\$ 9,323	\$ 10,020
Highway Funds	1,048	914	1,052	1,346	1,396	1,148	1,215	1,504	1,778	1,758
University Income Funds	81	90	90	103	113	134	162	182	201	206
Special State Funds	394	419	466	921	928	880	889	1,098	1,377	1,519
Bond Financed Funds	483	375	363	408	380	379	402	306	308	417
Debt Service Funds	147	187	220	249	281	324	360	400	429	674
Federal Trust Funds	544	630	706	838	969	924	1,033	1,197	1,289	1,397
Revolving Funds	65	65	71	80	92	100	107	117	137	151
State Trust Funds	167	226	77	212	64	57	53	101	164	257
Total, Warrants Issued	\$ 8,584	\$ 8,815	\$ 9,404	\$ 11,103	\$ 11,873	\$ 11,881	\$ 12,025	\$ 13,705	\$ 15,006	\$ 16,399

* General Funds decreased and Special State Funds increased by \$391 million to adjust for corporate personal property replacement tax revenue which was passed through the General Funds in fiscal 1980.

** 15 months.

All Funds Summary of Transactions

Fiscal Year Ended June 30, 1986
(millions)

Available Balance Concept

Budgetary Balance Concept

Beginning Balances

\$ 1,793 Available Balance on June 30, 1985

Less Lapse Period Warrants Issued for FY 1985:

Operations	\$ 372
Awards and Grants	445
Refunds	47
Permanent Improvements	5
Total	\$ 869

Budgetary Balance to begin Fiscal Year 1986 \$ 924

Plus Cash Receipts

State Sources:

Sales Taxes	\$ 4,389
Income Taxes (gross)	3,973
Other State Sources	6,725
Sale of Bonds	820
Total, State Sources	\$15,907

Federal Sources 3,688

\$19,595 Total, Cash Receipts \$19,595

Less Warrants Issued

Warrants Charged to FY 1986 and Lapse Period

Warrants Charged to FY 1985

Warrants Charged to FY 1986

12 Months Warrants Issued

15 Months Warrants Issued

\$ 5,424	Operations	\$ 5,428
11,327	Awards and Grants	11,375
1,096	Highway/Waterway Construction	1,096
567	Refunds	551
777	Debt Service	777
143	Permanent Improvements	149
-10	Prior Year Adjustments	-10
\$19,324	Total, Warrants Issued	\$19,366

Equals Ending Balances

\$ 2,064 Available Balance on June 30, 1986

Less Lapse Period Warrants Issued for FY 1986:

Operations	\$ 376
Awards and Grants	493
Refunds	31
Permanent Improvements	11
Total	\$ 911

Budgetary Balance to begin Fiscal Year 1987 \$ 1,153

Budgetary Financial Statements & Schedules

Report of Independent Accountants

The Honorable Robert G. Cronson Auditor General State of Illinois

We have examined, as Special Assistant Auditors for the Auditor General State of Illinois, the statement of budgetary fund balances relating to the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois (Comptroller) as of June 30, 1986 and the statement of budgetary receipts and expenditures, schedules of changes in appropriated and non-appropriated budgetary fund balances and schedules of appropriations, budgetary expenditures, and lapsed budgetary balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards and the standards for financial audits contained in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The accompanying budgetary statements and schedules present the balances and transactions relating to the fiscal control officer responsibilities of the Comptroller on the basis described in Note 1. As explained therein, this basis of presentation differs from generally accepted accounting principles. Accordingly, the accompanying budgetary statements and schedules do not purport to present the financial position or results of operations of the State of Illinois in conformity with generally accepted accounting principles.

In our opinion, the accompanying budgetary statements present fairly the budgetary fund balances at June 30, 1986 and the changes in budgetary fund balances and budgetary receipts and expenditures for the year then ended relating to the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois on the basis of accounting described in Note 1, applied on a basis consistent with that of the preceding year.

The general purpose financial statements and supplementary schedules of the State of Illinois for the year ended June 30, 1986, prepared in conformity with generally accepted accounting principles, included on pages 6 through 52, were examined by the Auditor General of the State of Illinois.

We have also performed a compliance audit of the fiscal control officer responsibilities of the Office of the Comptroller — State of Illinois for the twelve months ended March 31, 1986, and have issued our report thereon, dated November 5, 1986.

Chicago, Illinois
December 18, 1986

Touche Ross & Co.



McDonnell Douglas Phantom F-4D, an all-weather fighter interceptor, ground attack, reconnaissance, carrier borne fighter, in service with the 183rd Tactical Fighter Group, Springfield, Illinois.

Statement of Budgetary Fund Balances

Fiscal Year Ended June 30, 1986

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

(thousands)

	Total (memorandum only)	Appropriated Funds			Non-Appropriated Funds		
		Total	General	Other	Total	Federal	State
Budgetary Fund Balances June 30, 1985	\$ 923,664	\$ 576,185	\$ 44,587	\$ 531,598	\$ 347,479	\$ 243	\$ 347,236
Adjustments for changes in fund classifications		+13,745		+13,745	-13,745	+780	-14,525
Adjusted Budgetary Fund Balances, June 30, 1985	\$ 923,664	\$ 589,930	\$ 44,587	\$ 545,343	\$ 333,734	\$ 1,023	\$ 332,711
Receipts	19,595,618	16,366,321	9,699,766	6,666,555	3,229,297	127,830	3,101,467
Expenditures during fiscal year	18,454,905	15,538,021	9,579,303	5,958,718	2,916,884	738	2,916,146
Net Transfers		+210,692	+122,913	+87,779	-210,692	-126,796	-83,896
Available Fund Balances June 30, 1986	\$ 2,064,377	\$ 1,628,922	\$ 287,963	\$ 1,340,959	\$ 435,455	\$ 1,319	\$ 434,136
Expenditures, during lapse period	911,328	860,815	440,656	420,159	50,543	203	50,310
Budgetary Fund Balances June 30, 1986	\$ 1,153,049	\$ 786,107	\$ 152,693	\$ 920,800	\$ 384,942	\$ 1,116	\$ 383,826

See Accompanying Note to Financial Statements and Schedules

Statement of Budgetary Receipts and Expenditures

Fiscal Year Ended June 30, 1986

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

(thousands)

	Total (memorandum only)	Appropriated Funds			Non-Appropriated Funds		
		Total	General	Other	Total	Federal	State
Receipts:							
State Sources:							
Income Taxes	\$ 3,972,742	\$ 3,972,742	\$ 3,547,339	\$ 425,403	\$ 1,045,904		\$ 1,045,904
Sales Taxes	4,389,063	3,343,159	3,235,795	107,364			
Sale of Bonds	819,966	819,966		819,966			
Other State Sources	6,725,977	4,670,367	1,436,253	3,234,114	2,055,610	47	2,055,563
Federal Sources	3,687,870	3,560,087	1,480,379	2,079,708	127,783	127,783	
Total Receipts	\$ 19,595,618	\$ 16,366,321	\$ 9,699,766	\$ 6,666,555	\$ 3,229,297	\$ 127,830	\$ 3,101,467
Expenditures:							
Investing in Education	\$ 5,355,832	\$ 4,728,605	\$ 3,870,470	\$ 858,135	\$ 627,227	\$ 50	\$ 627,177
General Government	4,618,345	2,543,962	644,513	1,899,449	2,074,383	330	2,074,053
Health and Social Services	3,233,299	3,233,213	2,789,622	443,591	86	86	
Transportation	2,109,588	1,916,754	19,840	1,896,914	192,834		192,834
Income Support	1,654,153	1,638,604	1,415,103	223,501	15,549		15,549
Public Protection and Justice	829,899	815,021	657,077	157,944	14,878	354	14,524
Debt Service	776,611	776,607	32,961	743,646	4		4
Refunds (taxes and other)	551,137	508,418	488,919	19,499	42,719	123	42,596
Natural Resources and Recreation	247,939	247,883	104,048	143,835	56		56
Voided Warrants Issued in Prior Years	-10,570	-10,231	-2,594	-7,637	-339	-2	-337
Total Expenditures	\$ 19,366,233	\$ 16,398,836	\$ 10,019,959	\$ 6,378,877	\$ 2,967,397	\$ 941	\$ 2,966,456
Transfers:							
From Other Funds	\$ 4,182,048	\$ 4,181,666	\$ 2,323,208	\$ 1,858,458	\$ 382		\$ 382
To Other Funds	4,182,048	3,970,974	2,200,295	1,770,679	211,074	126,796	84,278
Net Transfers	\$ -	\$ -210,692	\$ -122,913	\$ -87,779	\$ -210,692	\$ -126,796	\$ -83,896
Net Change in Budgetary Fund Balances	\$ 229,385	\$ 178,177	\$ -197,280	\$ 375,457	\$ 51,208	\$ 93	\$ 51,115

See Accompanying Note to Financial Statements and Schedules

Changes in Appropriated Budgetary Fund Balances

Fiscal Year Ended June 30, 1986
(thousands)

Add:

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1985	Receipts Ordered Into Treasury	Transfers From Other Funds
General Funds:				
General Revenue	001	\$ 34,167	\$ 8,817,886	\$ 409,487
General Revenue—Common School Special Account ..	005	10,460	810,367	.....
Common School	412	—40	71,513	1,913,721
Total, General Funds		\$ 44,587	\$ 9,699,766	\$ 2,323,208
Other Appropriated Funds:				
Highway Funds:				
Road	011	\$ 20,278	\$ 1,042,521	\$ 181,571
State Construction Account	902	47,821	207,982	269,240
Motor Fuel Tax				
State	012	55,440	636,944	81,239
Counties	413	—8,749	.....	114,985
Municipalities	414	—12,269	.....	161,247
Townships and Road Districts	415	—3,972	.....	52,198
Grade Crossing Protection	019	11,039	.....	8,500
Total, Highway Funds		109,588	1,887,447	868,980
University and College Income Funds:				
Board of Governors:				
Chicago State University	030	—166	6,467	.....
Eastern Illinois University	034	481	10,200	.....
Governors State University	027	598	3,624	.....
Northeastern Illinois University	037	—166	8,319	.....
Western Illinois University	038	131	10,500	.....
Board of Regents:				
Illinois State University	028	426	19,511	.....
Northern Illinois University	029	—285	22,747	.....
Sangamon State University	020	373	2,128	.....
Southern Illinois University	035	—942	41,395	.....
State Community College of East St. Louis	766	3	519	.....
University Income (University of Illinois)	032	—3,757	80,369	.....
Total, University and College Income Funds		—3,304	205,779	.....
Special State Funds:				
Aeronautics	046	111	185	.....
Agricultural Premium	045	260	26,544	5,500
Alzheimers Disease Research	060	.....	.....	85
Attorney Generals Grant	901	22	20	.....
Bank and Trust Company	795	—136	6,517	.....
Bi—State Public Transportation	794	310	.....	7,501
Build Illinois	960	11,051**	141,484	.....
Build Illinois Capital Revolving Loan	973	.....	32	.....
Build Illinois Purposes	972	.....	.....	35,000
Child Abuse Prevention	934	417	.....	315
Coal Technology Development Assistance	925	865	.....	5,695
Continuing Legal Education	844	39	22	.....
Criminal Justice Information Systems Trust	886	97	397	.....
Cycle Rider Safety Training	863	723	1,215	.....
Design Professional Administration and Investigation ..	888	1,345	200	.....
Domestic Violence Shelter and Service	865	1,522	1,171	.....
Downstate Public Transportation	648	5,124	.....	11,432
Dram Shop	821	3,485	1,790	.....
Drivers Education	031	3,392	18,707	.....
Drug Traffic Prevention	878	16	134	.....
Environmental Protection Permit and Inspection	944	21	371	.....
Estate Tax Collections Distributive	815	—307	.....	3,212
Fair and Exposition	245	2,594	1,661	.....
Farm Emergency Assistance	995	.....	.....	24,196
Fire Prevention	047	4,327	9,126	361
Food and Housing Assistance	959	69	.....	105
Governors Grant	947	.....	1	.....
Group Self-Insurers Insolvency	939	.....	21	.....
Hazardous Waste	828	1,840	1,665	.....
Hazardous Waste Research	840	112	349	.....
Hearing Aid Dispenser Examining and Certification ..	938	15	97	.....
Illinois Forestry Development	905	302	281	.....
Illinois Historic Sites	538	568	258	.....
Illinois National Guard Armory Construction	927	2,529	80	.....
Illinois Non—Game Wildlife Conservation	909	290	8	217
Illinois Racetrack Improvement	710	2,893	3,301	.....
Illinois Standardbred Breeders	708	712	1,680	.....
Illinois State Dental Disciplinary	823	359	12	.....

Deduct:

Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1986	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1986	Fund Code
\$ 1,398,405	\$ 7,606,872	\$ 256,263	\$ 440,587	\$ -184,324	001
801,890	.....	18,937	.....	18,937	005
.....	1,972,431	12,763	69	12,694	412
\$ 2,200,295	\$ 9,579,303	\$ 287,963	\$ 440,656	\$ -152,693	.....
\$ 169,130	\$ 946,370	\$ 128,870	\$ 40,948	\$ 87,922	011
35,000	400,601	89,442	.....	89,442	902
725,396	30,005	18,222	1,478	16,744	012
.....	106,236	.....	10,776	-10,776	413
.....	148,978	.....	15,112	-15,112	414
.....	48,226	.....	4,892	-4,892	415
.....	4,698	14,841	.....	14,841	019
929,526	1,685,114	251,375	73,206	178,169	.....
.....	5,113	1,188	1,422	-234	030
.....	6,881	3,800	2,549	1,251	034
.....	2,799	1,423	784	639	027
.....	7,483	670	1,337	-667	037
.....	8,111	2,520	3,000	-480	038
.....	15,519	4,418	3,573	845	028
.....	19,150	3,312	3,629	-317	029
.....	1,465	1,036	840	196	020
.....	33,280	7,173	8,134	-961	035
.....	380	142	60	82	766
.....	59,955	16,657	20,763	-4,106	032
.....	160,136	42,339	46,091	-3,752	.....
.....	144	152	.....	152	046
.....	29,961	2,343	4,029	-1,686	045
.....	.....	85	.....	85	060
.....	22	20	.....	20	901
.....	6,291	90	533	-443	795
163	5,833	1,815	1,668	147	794
152,535	.....	.....	.....	.....	960
.....	.....	32	.....	32	973
.....	24,535	10,465	1	10,464	972
.....	366	366	6	360	934
.....	2,558	4,002	2,442	1,560	925
.....	11	50	18	32	844
.....	432	62	18	44	886
.....	929	1,009	6	1,003	863
.....	362	1,183	32	1,151	888
.....	370	2,323	.....	2,323	865
2,074	9,276	5,206	382	4,824	648
.....	1,029	4,246	27	4,219	821
.....	14,363	7,736	1	7,735	031
.....	123	27	.....	27	878
.....	129	263	17	246	944
.....	2,904	1	244	-243	815
2,000	808	1,447	.....	1,447	245
.....	4,387	19,809	.....	19,809	995
.....	4,359	9,455	2,633	6,822	047
.....	.....	174	106	68	959
.....	.....	1	.....	1	947
.....	.....	21	.....	21	939
.....	34	3,471	126	3,345	828
.....	88	373	207	166	840
.....	48	64	2	62	938
.....	56	527	5	522	905
.....	507	319	.....	319	538
.....	.....	2,609	.....	2,609	927
.....	172	343	93	250	909
.....	2,939	3,255	425	2,830	710
.....	1,549	843	105	738	708
.....	274	97	19	78	823

Changes in Appropriated Budgetary Fund Balances (continued)

Fiscal Year Ended June 30, 1986
(thousands)

Add:

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1985	Receipts Ordered Into Treasury	Transfers From Other Funds
Other Appropriated Funds (Continued):				
Special State Funds (Concluded)				
Illinois State Medical Disciplinary	093	2,549	213	
Illinois State Pharmacy Disciplinary	057		1,035	
Illinois State Podiatric Disciplinary	954	82	13	
Illinois Thoroughbred Breeders	709	422	2,360	
Illinois Veterans Rehabilitation	036	560	1,592	
Insurance Financial Regulation	997		587	
Insurance Producer Administration	922	3,239	2,851	
Juvenile Drug Abuse	910	14	103	
Law Enforcement Services	906	106	1,031	
Local Government Distributive	515	1	7,000	249,861
Local Initiative	762	6,083	8	9,440
Local Tourism	969			3,000
Manteno Veterans Home	980		55	
Medical Center Commission Income	839	492	297	
Mental Health	050	3,588	55,708	
Mental Health Education	987			41
Metabolic Screening and Treatment	920	361	452	
Metropolitan Exposition Auditorium and Office Building	053	15,668	15,923	
Metropolitan Fair and Exposition Authority				
Improvement Bond	961			26,225
Metropolitan Fair and Exposition Authority				
Reconstruction	099		4,800	
Missing And Exploited Children Trust	986		1	
Natural Heritage Endowment Trust	069		501	
Natural Resources Information	914	80	235	
Nuclear Safety Emergency Preparedness	796	5,057	6,101	
Optometric Examining and Disciplinary Committee	889	171	227	
Park and Conservation	962	9,482		10,000
Personal Property Tax Replacement	802	42,759	645,186	58
Pesticide Control	576		879	
Public Transportation	627	2,286		87,787
Public Utility	059	-754	12,004	
Quincy Veterans Home	619	660**	7,731	102
Radiation Administration Protection	891	136	22	
Radiation Inspection	892	206	192	
Radiation Protection	067		63	
Radioactive Waste Facility Closure				
and Compensation	943	70	296	
Radioactive Waste Facility Development				
and Operation	942	130	1,125	
Radioactive Waste Site Perpetual Care	735	1		
Rail Freight Loan Repayment	936	158	328	
Real Estate License Administration	850	3,008	1,743	
Real Estate Research and Education	849	16	189	
Salmon	042	245	324	
Secretary of States Grant	948	25		
Senior Citizens Real Estate Deferred Tax Revolving	930	170	10	
Snowmobile Trail Establishment	866	148	63	
Special Events Revolving	989		143	
State Boating Act	039	4,065	1,541	4,032
State Community College of East St. Louis				
Contracts and Grants	767	298	1,526	
State Employees Deferred Compensation Plan	755	103	23,410	
State Lottery	711	3,209	826,099	
State Migratory Waterfowl Stamp	953	96	297	
State Parking Facility Maintenance	782	153	36	
State Parks	040	119	1,930	
State Pensions	054	13,800	17,275	
States Attorneys Appellate Service County	745	94	845	
Tourism Promotion	763	718		15,670
Traffic and Criminal Conviction Surcharge	879	1,123	5,932	
Transportation Regulatory	018	1,183**	3,923	
Vehicle Inspection	963			3,621
Vehicle Recycling	614	7,667	1,025	
Violent Crime Victims Assistance	929	793	2,061	
Wildlife and Fish	041	2,251	14,425	
Total, Special State Funds		177,858	1,889,045	503,456
Bond Financed Funds:				
Anti-Pollution	551	29,333	29,712	
Build Illinois	971		97,929	

Deduct:

Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1986	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1986	Fund Code
	1,073	1,689	90	1,599	093
		1,035		1,035	057
		95		95	954
	1,932	850	511	339	709
	1,326	826	65	761	036
		587		587	997
	3,732	2,358	327	2,031	922
	39	78	5	73	910
	569	568	249	319	906
	256,836	26	23	3	515
	13,274	2,257	1,915	342	762
	2,729	271	244	27	969
		55	44	11	980
	77	712	155	557	839
	56,237	3,059	3,963	-904	050
		41		41	987
	330	483	61	422	920
10,248	5,781	15,562	-75	15,637	053
	26,225				961
	4,800				099
		1		1	986
		501		501	069
	88	227	9	218	914
	5,064	6,094	697	5,397	796
	117	281	11	270	889
3,500	5,139	10,843	4	10,839	962
74,671	479,952	133,380	22,589	110,791	802
	128	751	57	694	576
	88,500	1,573		1,573	627
	10,885	365	1,879	-1,514	059
	6,049	2,444	1,343	1,101	619
	55	103	8	95	891
	266	132	30	102	892
		63		63	067
		366		366	943
	418	837	16	821	942
	-38	39		39	735
		486		486	936
	1,129	3,622	77	3,545	850
	123	82	36	46	849
	334	235	40	195	042
		25		25	948
	145	35	24	11	930
	90	121		121	866
	22	121	45	76	989
	4,529	5,109	165	4,944	039
	1,812	12	104	-92	767
	23,391	122	230	-108	755
551,794	269,576	7,938	22,785	-14,847	711
	89	304		304	953
		189	129	60	782
	1,417	632	510	122	040
	11,286	19,789	115	19,674	054
	738	201	68	133	745
	11,426	4,962	4,291	671	763
	1,829	5,226	4,712	514	879
	4,609	497	549	-52	018
	973	2,648	2,423	225	963
8,692					614
	852	2,002	475	1,527	929
1,400	12,259	3,017	1,379	1,638	041
807,077	1,433,071	330,211	85,522	244,689	
	27,853	31,192	11	31,181	551
	21,660	76,269	1,237	75,032	924

Changes in Appropriated Budgetary Fund Balances (continued)

Fiscal Year Ended June 30, 1986

(thousands)

Add:

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1985	Receipts Ordered Into Treasury	Transfers From Other Funds
Other Appropriated Funds (Continued):				
Bond Financed Fund (Concluded)				
Capital Development	141	55,631	183,365	1,706
Coal Development	653	10,319	14,873	
Illinois Civic Center	556		88,077	
School Construction	143	4,259		
Transportation Bond Series A	553	24,230	138,767	
Transportation Bond Series B	554	20,274	69,358	
Total, Bond Financed Funds		144,046	622,081	1,706
Debt Service Funds				
Build Illinois B. R. & I.	970		603	15,000
General Obligation B. R. & I.	101	116,997	219,380	418,919
Illinois Civic Center B. R. & I.	105		370	5,248
Matured Bond and Coupon	625	124	51	
Public Welfare Building B. R. & I.	135	2,282		5,900
Universities Building B. R. & I.	133	3,407		7,564
Total, Debt Service Funds		122,810	220,404	452,631
Federal Trust Funds				
Abandoned Mines Land Reclamation Council	991		8,845	550
Agricultural Marketing Services	439	10	8	
Agriculture Federal Projects	826	35*	149	
Agriculture Pesticide Control Act	689	-3	352	
Alcohol, Drug Abuse and Mental Health Services Block Grant	876	45	18,911	
C & FS Federal Projects	566	-183	5,933	
C & FS Juvenile Justice	911	-276	2,781	
C & FS Local Effort Day Care Program	616	64	15,809	
C & FS Refugee Assistance	684	-15*	2,631	
Child Welfare Services	061	-579	8,617	
Community Development/Small Cities Block Grant	875	560	29,540	
Community Services Block Grant	871	-54	13,433	
Conservation Federal Projects	894	115	11	
Correctional School District Education	603	2,222	2,648	
Criminal Justice	488	10	305	
DMH/DD Federal Projects	662	628	6,036	
Economic Development Services Community Development	825		65	
Energy Administration	737	-250	6,062	
Federal Aid Disaster	491	228	1,614	
Federal Civil Preparedness Administrative	497	136	1,731	
Federal Energy	859	-159	1,666	
Federal Hardware Assistance	492	8	85	
Federal Industrial Service	726	-11	560	
Federal/Local Airport	095	775	33,546	
Federal Mass Transit	853		10,806	
Federal Moderate Rehabilitation Housing	851	242	1,004	
Federal Student Incentive	701		4,105	
Federal Surface Mining Control and Reclamation	765	-930	8,067	
Federal Title IV Fire Protection Assistance	670		120	
Federal Vocational Education Advisory Council	734	12	176	
Fire Prevention Division	580	12	-28	
Flood Control Land Lease	443		162	
Forest Reserve	086		96	
GI Education	447	71	455	
Governors Office Federal Grants	908	183	270	
Guardianship and Advocacy Commission Federal Grant	846	45	68	
Higher Education Title II	983		1,240	
Human Services Support	857	3		
Illinois Arts Council Federal Grant	657	46	576	
Illinois Community College Board	519		1,632	
Illinois Regional Archival Depository System Grant	693	44		
Institute of Natural Resources Federal Projects Grant	820	-139	1,549	
Intra-Agency Services	883	-1,263	10,646	28
Job Training Partnership	913	-1,427	141,109	
Legislative Council National Science Foundation Grant	757	4		
Library Services	470	-1,807	4,789	
Local Government Affairs	636	-123	1,094	3
Low Income Home Energy Assistance Block Grant	870	693	76,380	
Maintenance and Calibration	526	18	88	
Maternal and Child Health Services	062	-27	300	
Maternal and Child Health Services Block Grant	872	407	15,585	
National Center for Education Statistics	791	54	27	

Deduct:

Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1986	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1986	Fund Code
.....	122,292	118,410	1,155	117,255	141
1,706	6,810	16,676	1	16,675	653
.....	81,457	6,620	228	6,392	556
.....	17	4,242	.....	4,242	143
.....	102,874	60,123	18	60,105	553
.....	51,640	37,992	27	37,965	554
1,706	414,603	351,524	2,677	348,847	.....
.....	15,603	.....	.....	.....	970
.....	639,394	115,902	.....	115,902	101
.....	4,160	1,458	.....	1,458	105
.....	6	169	1	168	625
.....	6,480	1,702	.....	1,702	135
.....	8,328	2,643	.....	2,643	133
.....	673,971	121,874	1	121,873	.....
.....	8,820	575	2,441	-1,866	991
.....	10	8	1	7	439
.....	79	105	29	76	826
.....	215	134	19	115	689
.....	18,491	465	874	-409	876
.....	5,629	121	156	-35	566
.....	2,475	30	670	-640	911
.....	14,531	1,342	648	694	616
.....	2,442	174	267	-93	684
.....	7,725	313	1,114	-801	061
.....	29,111	989	4,175	-3,186	875
.....	13,146	233	670	-437	871
.....	20	106	106	.....	894
.....	1,499	3,371	402	2,969	603
.....	258	57	294	-237	488
.....	5,047	1,617	636	981	662
.....	37	28	64	-36	825
.....	5,797	15	3,607	-3,592	737
.....	1,842	.....	.....	.....	491
.....	1,699	168	31	137	497
.....	1,497	10	63	-53	859
.....	86	7	.....	7	492
.....	526	23	61	-38	726
.....	33,839	482	1	481	095
.....	10,806	.....	.....	.....	853
.....	1,113	133	7	126	851
.....	4,105	.....	16	-16	701
1,119	5,871	147	198	-51	765
.....	120	.....	.....	.....	670
.....	187	1	19	-18	734
.....	8	32	4	28	580
.....	162	.....	.....	.....	443
.....	96	.....	.....	.....	086
.....	402	124	25	99	447
.....	401	52	24	28	908
.....	67	46	40	6	846
.....	1,208	32	.....	32	983
.....	1	2	.....	2	857
.....	565	57	9	48	657
.....	1,596	36	517	-481	519
.....	44	.....	.....	.....	693
.....	1,407	3	25	-22	820
3	8,036	1,372	1,624	-252	883
.....	137,866	1,816	48,938	-47,122	913
.....	4	.....	.....	.....	757
.....	2,408	574	2,063	-1,489	470
28	876	70	226	-156	636
.....	76,892	181	4,105	-3,924	870
.....	80	26	5	21	526
.....	208	65	38	27	062
.....	14,684	1,308	-41	1,349	872
.....	26	55	1	54	791

Changes in Appropriated Budgetary Fund Balances (concluded)

Fiscal Year Ended June 30, 1986

Add:

(thousands)

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1985	Receipts Ordered Into Treasury	Transfers From Other Funds
Other Appropriated Funds (Continued):				
Federal Trust Funds (Concluded):				
National Flood Insurance Program	855	38	84	
Nuclear Civil Protection Planning	484	20	100	
Old Age Survivors Insurance	495	-2,892	35,889	
Petroleum Violation	900	2,111	97,781	
Preventive Health and Health Services Block Grant	873	58	2,114	
Public Health Federal Projects	838	32	591	
Public Health Services	063	-2,171	14,133	
Rehabilitation Services Elementary and Secondary Education Act	798	73	496	
S.B.E. CETA and Job Training Partnership Act	656		5,028	
S.B.E. Federal Department of Agriculture	410	-15,872	151,018	
S.B.E. Federal Department of Education	561	-9,907	292,401	
Services for Older Americans	618	-1,235	37,246	
Special Projects Division	607	139	1,088	
Special Purposes	408	-1,638	54,322	31,104
Title III Social Security and Employment Service	052	-7,598	126,202	
U.S.D.A. Woman and Infant Care	700	-7,671	61,285	
U.S. Environmental Protection	065	-558	16,484	
Unemployment Compensation Special Administration	055	5,558	9,413	
Urban Planning Assistance	404	104	88	
Vocational Rehabilitation	081	-2,258	48,837	
Wholesome Meat	476	25	3,111	
Total, Federal Trust Funds		-44,218	1,399,421	31,685
Revolving Funds:				
Air Transportation	309	420	825	
Board of Governors Cooperative Computer Center	320	222	3,204	
Communications	312	-13,347	70,703	
Office Supplies	307	-369	2,491	
Paper and Printing	308	-18	2,426	
State Garage	303	-3,354	21,791	
State Surplus Property	903	467	997	
Statistical Services	304	-1,498	33,701	
Working Capital	301	565	12,908	
Total Revolving Funds		-16,912	149,046	
State Trust Funds:				
Agricultural Master	440	87	320	
C.D.B. Contributory	617	1,293	14,105	
Charles S. Mott Foundation	760	9	21	
Child Abuse Prevention Donation	946	1*	2	
Child Enforcement	957	3,942	64,562	
DMH/DD Private Resources	690	-4	53	
Environmental Protection	845	1,004	199	
Group Insurance Premium	457	8,864	53,891	
Housing	467	157	8	
I.D.O.T. Metropolitan Sanitary District	843	97	154	
Illinois Rural Rehabilitation	595	526	63	
Institute Of Natural Resources Special Projects	834	9*	492	
Land and Water Recreation	465	520	3,222	
Land Reclamation	858	41	4	
McHenry Lock Grant	956	110		
Narcotic Profit Forfeiture	951		2	
Prairie State 2000	992		3,000	
Public Assistance Recoveries	421	14,515*	45,100	
Public Health Special State Projects	896	8		
Robert Wood Johnson Foundation	830	3	33	
State Scholarship Commission Student Loan	676	24,293	108,101	
Total, State Trust Funds		55,475	293,332	
Total Other Appropriated Funds		\$545,343	\$ 6,666,555	\$ 1,858,458
Total, Appropriated Funds		\$589,930	\$ 16,366,321	\$ 4,181,666

* Non-Appropriated fund in fiscal year 1985.

** Fund name changed in fiscal year 1986.

(a) Expenditures from appropriated funds include expenditures against fiscal year 1986 appropriations as reflected in the Schedule of Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances, plus expenditures totaling \$378,596 against no appropriation accounts, less warrants totaling \$10,231 issued in prior fiscal years which were returned (refunds) or voided during the current fiscal year.

Deduct:

Transfers To Other Funds	Expenditures (a)	Available Balance June 30, 1986	Expenditures (b) Lapse Period	Budgetary Balance June 30, 1986	Fund Code
.....	92	30	.....	30	855
.....	94	26	9	17	484
.....	32,697	300	2,763	-2,463	495
.....	973	98,919	76	98,843	900
.....	2,171	1	49	-48	873
.....	492	131	136	-5	838
.....	11,349	613	2,273	-1,660	063
.....	372	197	70	127	798
.....	4,926	102	1,059	-957	656
.....	134,888	258	14,711	-14,453	410
.....	282,047	447	17,433	-16,986	561
.....	34,698	1,313	6,434	-5,121	618
.....	839	388	69	319	607
.....	81,175	2,613	9,492	-6,879	408
.....	110,133	8,471	9,207	-736	052
.....	51,160	2,454	8,010	-5,556	700
.....	13,087	2,839	2,263	576	065
.....	10,668	4,303	-845	3,458	055
.....	15	177	79	98	404
.....	46,540	39	2,785	-2,746	081
.....	2,678	458	159	299	476
1,150	1,245,154	140,584	152,094	-11,510	.....
.....	633	612	56	556	309
.....	3,091	335	91	244	320
.....	54,789	2,567	22,100	-19,533	312
.....	1,921	201	816	-615	307
.....	2,080	328	370	-42	308
.....	17,615	822	2,933	-2,111	303
.....	801	663	70	593	903
.....	27,813	4,390	3,379	1,011	304
.....	9,759	3,714	2,565	1,149	301
.....	118,502	13,632	32,380	-18,748	.....
.....	292	115	40	75	440
.....	11,712	3,686	14	3,672	617
.....	14	16	5	11	760
.....	.....	3	.....	3	946
5,179	44,937	18,388	9,552	8,836	957
.....	2	47	93	-46	690
.....	850	353	.....	353	845
.....	35,072	27,683	9,972	17,711	457
.....	32	133	.....	133	467
.....	206	45	.....	45	843
.....	62	527	12	515	595
.....	410	91	89	2	834
.....	3,382	360	13	347	465
.....	14	31	.....	31	858
.....	110	.....	.....	.....	956
.....	.....	2	2	.....	951
.....	740	2,260	460	-1,800	992
25,879	25,409	8,327	514	7,813	421
.....	8	.....	.....	.....	896
.....	21	15	28	-13	830
162	104,894	27,338	7,394	19,944	676
31,220	228,167	89,420	28,188	61,232	.....
\$ 1,770,679	\$ 5,958,718	\$ 1,340,959	\$ 420,159	\$ 920,800	.....
\$ 3,970,974	\$ 15,538,021	\$ 1,628,922	\$ 860,815	\$ 768,107	.....

(b) Lapse period expenditures from appropriated funds include expenditures against fiscal year 1986 appropriations as reflected in the Schedule of Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances, plus expenditures totaling \$10,309 against no appropriation accounts.

See Accompanying Note to Financial Statements and Schedules

Changes in Non-Appropriated Budgetary Fund Balances

Fiscal Year Ended June 30, 1986

(thousands)

Add:

Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1985	Receipts Ordered Into Treasury	Transfers From Other Funds
Federal Trust Funds:				
Attorney General Federal Grant	988		\$ 55	
Central Management Services Federal Projects	964	\$ 2	100	
Correctional Special Purpose	547	58	80	
DORS Job Training Partnership	667	1	1	
Department of Law Enforcement Federal Projects	904	77	80	
Federal Labor Projects	647	3*	46	
Governors Office of Volunteer Resources Federal Grant	819	3		
Intergovernmental Cooperation Commission Federal Projects Grant	952	3*	7	
Intergovernmental Personnel Act	585	1		
Job Training	688	794*	180	
Law Enforcement Officers Training Board Federal Projects	923	-12	80	
Morrill Trust	411		50	
Rehabilitation Services Federal Grants	831	-69	115	
Social Services Block Grant	935		126,796	
State's Attorneys Appellate Prosecutor's Grant	090			
Tennessee Valley Authority Local	861		174	
Veterans Affairs Federal Projects	897		66	
Wagner-Peyser 7(b) Discretionary	926	162		
Total, Federal Trust Funds		\$ 1,023	\$ 127,830	
State Trust Funds:				
Armory Rental	416	\$ 46	\$ 35	
Attorney General Court Order Distribution	801		49	
Attorney General Forfeited Property Administration	967		37	
Board of Governors Bond Revenue	462	1,306	9,366	
C & F.S. Special Purpose	582	3		
Chicago Worlds Fair Tax	937		3	
Compensation Rate Adjustment	685	2,704	3,514	
Conservation Special Projects	884		1	
County Automobile Renting Tax	869	-6	31	
County Retailers Occupation Tax	425	10,037	39,038	
E.P.A. Special State Projects	074		550	
East St. Louis Development Authority	075		140	
Education Labor Relations Board Fair Share Trust	996		31	
Environmental	977		236	
Export Development Bond	966	156	1,270	
Farm Credit Payment Adjustment	968		25,558	
Firearms Owners Notification	071		87	
Garnishment	659	244	1,341	
General Assembly Retirement	481	175	3,593	
I.S.S.C. Loan Purchase Program Payroll	773	26	1,365	
Illinois Agricultural Loan Guarantee	994		7,000	
Illinois Council On Vocational Education	068		150	
Illinois Municipal Retirement	475	1,009	482,840	
Illinois State Board of Investments	529	-58	701	
Illinois State Toll Highway Revenue	455	107,232	181,989	
Illinois Tourism Tax	452	95	4,158	
J. J. Wolf Memorial for Conservation Investigation	931		1	
Judges Retirement	477	716	15,597	
Kaskaskia Commons Permanent School	441	219	25	
Library Trust	893	-1,181	3,453	
Metro East Mass Transit District Tax	841	395	6,325	
Municipal Automobile Renting Tax	868	-276	1,865	
Municipal Retailers Occupation Tax	402	110,622	646,405	\$ 212
Pawnee v. Johnson #83-MR-150 Interest Escrow Account	932	461	356	
Prairie State Games Grant	933	-12	430	
Protest	401	64,990	97,029	15
Public Building	409	2,485	831	
R.T.A. Public Transportation Tax	741		89	
R.T.A. Sales Tax	812	12,778	355,455	155
Real Estate Recovery	629	1,366	257	
Replacement Vehicle Tax—Municipal	917		52	
Replacement Vehicle Tax—State	915	-1	492	
Safety Responsibility	436	1,276	1,291	
Second Injury	431	59	795	

Deduct:

Transfers To Other Funds	Expenditures	Available Balance June 30, 1986	Expenditures Lapse Period	Budgetary Balance June 30, 1986	Fund Code
	\$ 33	\$ 22	\$ 11	\$ 11	988
	90	12	30	-18	964
	122	16	17	-1	547
		2		2	667
	93	64	8	56	904
	48	1		1	647
	1	2		2	819
	9	1		1	952
		1		1	585
		974		974	688
	56	12	27	-15	923
	50				411
		46		46	831
\$ 126,796			86	-86	935
	174				090
	62	4	24	-20	861
		162		162	897
\$ 126,796	\$ 738	\$ 1,319	\$ 203	\$ 1,116	926
	\$ 20	\$ 61	\$ 13	\$ 48	416
	36	13	8	5	801
	12	25		25	967
	10,672				462
		3		3	582
	3				937
	3,418	2,800		2,800	685
	1				884
\$ 1	24		2	-2	869
811	41,126	7,138		7,138	425
	44	506	11	495	074
	3	137	95	42	075
	2	29	2	27	996
		236		236	977
	818	608	58	550	966
24,196	896	466		466	968
		87		87	071
	1,315	270	3	267	659
	3,311	457	18	439	481
	1,364	27	63	-36	773
		7,000		7,000	994
	102	48	19	29	068
	477,493	6,356	4,094	2,262	475
	561	82	56	26	529
	191,549	97,672	1,165	96,507	455
168	4,031	54		54	452
		1		1	931
	14,345	1,968	85	1,883	477
	25	219		219	441
	2,084	188	907	-719	893
	5,927	793	1	792	841
32	1,557		136	-136	868
10,759	642,509	103,971	24	103,947	402
		817		817	932
	381	37	143	-106	933
43,588	1,679	116,767		116,767	401
850	195	2,271		2,271	409
	89				741
2	351,889	16,497	130	16,367	812
	55	1,568	6	1,562	629
-1	51				917
	491				915
7	687	1,873		1,873	436
	699	155		155	431

Changes in Non-Appropriated Budgetary Fund Balances (concluded)

Fiscal Year Ended June 30, 1986
(thousands)

Fiscal Year Ended June 30, 1986 (thousands)		Add:		
Fund Group and Fund	Fund Code	Budgetary Balance June 30, 1985	Receipts Ordered Into Treasury	Transfers From Other Funds
State Trust Funds (Concluded):				
Secretary of State International Registration Plan	890	12	45,718	
Self Insured Employers Liability	940		1,062	
Sheffield February 1982 Agreed Order	882	-106	108	
Social Security Contributions	058	9,147	234,100	
State Employees Retirement System	479	11,042	191,653	
State Employees Unemployment Benefit	056	175	9,421	
State Fair Promotional Activities	835		29	
State Off-Set Claims	658	701	10,006	
State Withholding Tax	512	1,677	58,030	
Tax Suspense	583		1,449	
Teachers Retirement System	473	-7,352	640,848	
U.S. Savings Bond-Series EE	827	125	6,011	
Unclaimed Property	482	202	1,888	
United Fund Deduction	459		600	
Vehicle Use Tax	810	59	852	
Warrant Escheat	485	163	5,861	
Total, State Trust Funds		\$332,711	\$ 3,101,467	\$ 382
Total, Non-Appropriated Funds		\$333,734	\$ 3,229,297	\$ 382

* Appropriated fund in fiscal year 1985

See Accompanying Note to Financial Statements and Schedules

Deduct:

Transfers To Other Funds	Expenditures	Available Balance June 30, 1986	Expenditures Lapse Period	Budgetary Balance June 30, 1985	Fund Code
.....	36,578	9,152	8,738	414	890
.....	2	1,060	.....	1,060	940
.....	.....	2	.....	2	882
.....	234,405	8,842	.....	8,842	058
.....	194,676	8,019	.....	7,399	479
.....	9,377	219	.....	-1,862	056
.....	27	2	.....	2	835
.....	7,741	2,966	.....	2,966	658
.....	57,859	1,848	.....	1,848	512
.....	1,444	5	.....	-104	583
.....	603,332	30,164	.....	-1,559	473
.....	5,995	141	.....	141	827
.....	2,074	16	.....	16	482
.....	600	.....	.....	.....	459
.....	911	.....	.....	.....	810
.....	3,863	500	.....	500	485
\$ 84,278	\$ 2,916,146	\$ 434,136	\$ 50,310	\$ 383,826	.....
\$ 211,074	\$ 2,916,884	\$ 435,455	\$ 50,513	\$ 384,942	.....

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1986
(thousands)

(thousands)				Expenditures (a)		Balance Lapsed at
Fund Group and Fund	Fund Code	Appropriations	Year Ended June 30, 1986	Lapse Period	September 30, 1986 (b)	
General Funds:						
General Revenue	001	\$ 8,407,067	\$ 7,609,457	\$ 440,588	\$ 357,022	
Common School	412	1,973,079	1,972,439	69	571	
Total, General Funds		\$ 10,380,146	\$ 9,581,896	\$ 440,657	\$ 357,593	
Other Appropriated Funds:						
Highway Funds:						
Road	011	\$ 1,734,051	\$ 946,396	\$ 40,948	\$ 746,707	
State Construction Account	902	808,130	400,600		407,530	
Motor Fuel Tax						
State	012	31,612	30,007	1,478	127	
Counties	413	117,300	106,236	10,776	288	
Municipalities	414	164,400	148,978	15,112	310	
Townships and Road Districts	415	53,200	48,226	4,892	82	
Grade Crossing Protection	019	24,120	4,749		19,371	
Total, Highway Funds		2,932,813	1,685,192	73,206	1,174,415	
University and College Income Funds:						
Board of Governors:						
Chicago State University	030	6,616	5,112	1,422	82	
Eastern Illinois University	034	9,439	6,881	2,549	9	
Governors State University	027	3,590	2,799	784	7	
Northeastern Illinois University	037	9,250	7,483	1,337	430	
Western Illinois University	038	11,121	8,112	3,000	9	
Board of Regents:						
Illinois State University	028	19,158	15,519	3,573	66	
Northern Illinois University	029	24,073	19,150	3,629	1,294	
Sangamon State University	020	2,631	1,465	840	326	
Southern Illinois University	035	43,591	33,281	8,134	2,176	
State Community College of East St. Louis	766	575	381	60	134	
University Income (University of Illinois)	032	84,381	59,973	20,763	3,645	
Total, University and College Income Funds		214,425	160,156	46,091	8,178	
Special State Funds:						
Aeronautics	046	145	144		1	
Agricultural Premium	045	36,087	29,961	4,029	2,097	
Attorney Generals Grant	901	100	21		79	
Bank and Trust Company	795	7,010	6,291	533	186	
Bi-State Public Transportation	794	8,100	5,833	1,668	599	
Build Illinois Purposes	972	54,150	24,535	1	29,614	
Child Abuse Prevention	934	500	366	6	128	
Coal Technology Development Assistance	925	5,000	2,558	2,442		
Continuing Legal Education	844	35	11	17	7	
Criminal Justice Information Systems Trust	886	672	433	18	221	
Cycle Rider Safety Training	863	2,187	929	6	1,252	
Design Professional Administration and Investigation	888	464	362	32	70	
Domestic Violence Shelter and Service	865	4,927			4,927	
Downstate Public Transportation	648	11,492	9,425	382	1,685	
Dram Shop	821	1,086	1,030	27	29	
Drivers Education	031	14,370	14,362	1	7	
Drug Traffic Prevention	878	1,494	123		1,371	
Environmental Protection Permit and Inspection	944	410	129	17	264	
Estate Tax Collections Distributive	815	3,300	2,904	244	152	
Fair and Exposition	245	808	808			
Farm Emergency Assistance	995	25,500	4,387		21,113	
Fire Prevention	047	7,059	4,359	2,633	67	
Food and Housing Assistance	959	400		106	294	
Governors Grant	947	125			125	
Hazardous Waste	828	1,500	34	126	1,340	
Hazardous Waste Research	840	300	88	207	5	
Hearing Aid Dispenser Examining and Certification	938	50	48	2		
Illinois Forestry Development	905	323	56	5	262	
Illinois Historic Sites	538	1,268	507		761	
Illinois Network for Opportunity	921	40			40	

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1986

(thousands)

Fiscal Year Ended June 30, 1986		Expenditures (a)			Balance Lapsed at
(thousands)			Year Ended	Lapse Period	September 30,
Fund Group and Fund	Fund Code	Appropriations	June 30, 1986		1986 (b)
Other Appropriated Funds (Continued):					
Special State Funds (Concluded):					
Illinois Non—Game Wildlife Conservation	909	390	172	93	125
Illinois Racetrack Improvement	710	3,377	2,938	425	14
Illinois Standardbred Breeders	708	1,803	1,548	105	150
Illinois State Dental Disciplinary	823	342	275	19	48
Illinois State Medical Disciplinary	093	1,203	1,076	90	37
Illinois Thoroughbred Breeders	709	2,600	1,932	511	157
Illinois Veterans Rehabilitation	036	1,400	1,333	65	2
Insurance Producer Administration	922	4,346	3,731	328	287
Juvenile Drug Abuse	910	50	39	5	6
Law Enforcement Services	906	1,994	570	249	1,175
Lieutenant Governors Grant	924	10			10
Local Government Distributive	515	268,000	256,836	23	11,141
Local Initiative	762	15,684	13,358	1,909	417
Local Tourism	969	3,000	2,756	244	
Manteno Veterans Home	980	355		44	311
Medical Center Commission Income	839	373	77	155	141
Mental Health	050	72,181	56,273	3,963	11,945
Metabolic Screening and Treatment	920	468	329	61	78
Metropolitan Exposition Auditorium and Office Building	053	12,491	5,781	—75	6,785
Metropolitan Fair and Exposition Authority Improvement Bond	961	27,487	26,225		1,262
Metropolitan Fair and Exposition Authority Reconstruction	099	4,800	4,800		
Natural Resources Information	914	110	89	9	12
Nuclear Safety Emergency Preparedness	796	8,047	5,066	697	2,284
Optometric Examining and Disciplinary Committee	889	140	117	11	12
Park and Conservation	962	19,482	5,139	5	14,338
Personal Property Tax Replacement	802	502,562	479,952	22,589	21
Pesticide Control	576	261	128	57	76
Public Transportation	627	88,500	88,500		
Public Utility	059	13,274	10,888	1,879	507
Quincy Veterans Home	619	7,595	6,049	1,343	203
Radiation Administration Protection	891	84	55	8	21
Radiation Inspection	892	315	266	30	19
Radioactive Waste Facility Development and Operation	942	1,253	417	16	820
Rail Freight Loan Repayment	936	397			397
Real Estate License Administration	850	1,250	1,131	77	42
Real Estate Research and Education	849	255	123	36	96
Salmon	042	431	334	40	57
Senior Citizens Real Estate Deferred Tax Revolving	930	340	145	24	171
Snowmobile Trail Establishment	866	218	90		128
Special Events Revolving	989	220	22	44	154
State Boating Act	039	14,459	4,529	165	9,765
State Community College of East St. Louis Contracts and Grants	767	2,200	1,813	104	283
State Employees Deferred Compensation Plan	755	417	277	44	96
State Lottery	711	366,418	269,576	22,785	74,057
State Migratory Waterfowl Stamp	953	179	90		89
State Parking Facility Maintenance	782	130		129	1
State Parks	040	2,002	1,418	509	75
State Pensions	054	11,448	11,286	115	47
States Attorneys Appellate Service County	745	886	738	68	80
Superconductor Supercollider	985	500			500
Technology Innovation and Commercialization	955	1			1
Tourism Promotion	763	16,518	11,426	4,290	802
Traffic and Criminal Conviction Surcharge	879	7,102	1,829	4,712	561
Transportation Regulatory	018	5,526	4,609	549	368
Vehicle Inspection	963	13,264	973	2,424	9,867
Violent Crime Victims Assistance	929	1,500	884	475	141
Wildlife and Fish	041	14,696	12,260	1,379	1,057
Wildlife Conservation	912	50			50
Total, Special State Funds		1,713,286	1,409,972	85,329	217,985

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1986
(thousands)

Fiscal Year Ended June 30, 1986 (thousands)			Expenditures (a)		Balance Lapsed at	
Fund Group and Fund		Fund Code	Appropriations	Year Ended June 30, 1986	Lapse Period	September 30, 1986 (b)
Other Appropriated Funds (Continued):						
Bond Financed Funds:						
Anti-Pollution	551		160,291	28,169	11	132,111
Build Illinois	971		326,599	21,660	1,237	303,702
Capital Development	141		522,861	122,332	1,155	399,374
Coal Development	653		28,494	6,809	1	21,684
Illinois Civic Center	556		20,350	11,783	228	8,339
School Construction	143		27,157	115		27,042
Transportation Bond Series A	553		216,994	102,874	18	114,102
Transportation Bond Series B	554		290,278	51,640	27	238,611
Total, Bond Financed Funds			1,593,024	345,382	2,677	1,244,965
Debt Service Funds:						
Build Illinois B. R. & I.	970		15,603	15,603		
General Obligation B. R. & I.	101		446,963	441,475		5,488
Illinois Civic Center B. R. & I.	105		12,000	4,160		7,840
Matured Bond and Coupon	625		25	6	1	18
Public Welfare Building B. R. & I.	135		6,480	6,480		
Universities Building B. R. & I.	133		8,328	8,328		
Total, Debt Service Funds			489,399	476,052	1	13,346
Federal Trust Funds:						
Abandoned Mines Land Reclamation Council	991		13,016	8,821	2,441	1,754
Agricultural Marketing Services	439		100	10	1	89
Agriculture Pesticide Control Act	689		260	216	19	25
Alcohol, Drug Abuse and Mental Health Services Block Grant	876		20,459	18,551	873	1,035
Alcoholism and Substance Abuse	646		50			50
C & FS, Federal Projects	566		2,718	1,246	133	1,339
C & FS, Juvenile Justice	911		5,520	2,478	670	2,372
C & FS, Local Effort Day Care Program	616		15,944	14,531	647	766
C & FS, Refugee Assistance	684		5	5		
Child Welfare Services	061		9,293	7,727	1,114	452
Community Development/Small Cities Block Grant	875		61,313	29,210	4,175	27,928
Community Services Block Grant	871		21,632	13,188	671	7,773
Conservation Federal Projects	894		113	14	99	
Criminal Justice	488		4,868	262	294	4,312
DMH/DD Federal Projects	662		9,383	5,044	636	3,703
Economic Development Services:						
Community Development	825		250	37	64	149
Energy Administration	737		15,023	6,149	3,607	5,267
Federal Aid Disaster	491		18,228	1,840		16,388
Federal Civil Preparedness Administrative	497		2,593	1,699	31	863
Federal Energy	859		1,921	1,498	63	360
Federal Hardware Assistance	492		1,725	85		1,640
Federal Industrial Service	726		739	500	41	198
Federal/Local Airport	095		133,154	33,840	1	99,313
Federal Mass Transit	853		60,388	10,807		49,581
Federal Moderate Rehabilitation Housing	851		2,078	1,113	7	958
Federal Student Incentive	701		4,200	4,105	16	79
Federal Surface Mining Control and Reclamation	765		6,785	5,809	191	785
Federal Title IV Fire Protection Assistance	670		318	120		198
Federal Vocational Education Advisory Council	734		315	187	18	110
Fire Prevention Division	580		13	8	4	1
Flood Control Land Lease	443		225	162		63
Forest Reserve	086		250	96		154
GI Education	447		517	402	25	90
Governors Office Federal Grants	908		100	79	13	8
Guardianship and Advocacy Commission:						
Federal Grant	846		80	30	22	28
Higher Education Title II	983		1,399	1,208		191
Human Services Support	857		1	1		
Illinois Arts Council Federal Grant	657		606	567	9	30
Illinois Community College Board	519		2,710	1,551	494	665
Illinois Regional Archival Depository System Grant	693		50	45		5
Institute of Natural Resources Federal Projects Grant	820		2,250	1,385	22	843
Intra-Agency Services	883		10,473	8,037	1,624	812
Job Training Partnership	913		260,365	140,033	48,938	71,394

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (continued)

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1986
(thousands)

Fiscal Year Ended June 30, 1986 (thousands)		Expenditures (a)			Balance Lapsed at	
Fund Group and Fund		Fund Code	Appropriations	Year Ended June 30, 1986	Lapse Period	September 30, 1986 (b)
Other Appropriated Funds (Continued):						
Federal Trust Funds (Concluded):						
Legislative Council National Science						
Foundation Grant	757	5	4		1	
Library Services	470	6,621	2,408	2,063	2,150	
Local Government Affairs	636	2,454	876	226	1,352	
Low Income Home Energy Assistance Block Grant	870	125,983	77,198	4,105	44,680	
Maintenance and Calibration	526	96	81	5	10	
Maternal and Child Health Services	062	260	187	39	34	
Maternal and Child Health Services Block Grant	872	31,660	14,937	-41	16,764	
National Center for Education Statistics	791	85	26		59	
National Flood Insurance Program	855	258	92		166	
Nuclear Civil Protection Planning	484	116	94	9	13	
Old Age Survivors Insurance	495	43,583	32,692	2,758	8,133	
Petroleum Violation	900	2,015	973	76	966	
Preventive Health and Health Services						
Block Grant	873	3,715	2,171	49	1,495	
Public Health Federal Projects	838	182	40	2	140	
Public Health Services	063	16,943	11,336	2,274	3,333	
Rehabilitation Services Elementary and						
Secondary Education Act	798	773	372	70	331	
S.B.E. CETA and Job Training Partnership Act	656	7,830	4,926	1,059	1,845	
S.B.E. Federal Department of Agriculture	410	151,602	134,926	14,711	1,965	
S.B.E. Federal Department of Education	561	329,352	283,850	17,433	28,069	
Services for Older Americans	618	42,838	34,700	6,434	1,704	
Soil Conservation Service	887	400			400	
Special Projects Division	607	1,071	820	68	183	
Special Purposes	408	97,924	61,003	8,628	28,293	
Title III Social Security and Employment Service	052	133,295	110,282	9,207	13,806	
U.S.D.A. Woman and Infant Care	700	65,700	51,169	8,011	6,520	
U.S. Environmental Protection	065	25,295	13,089	2,263	9,943	
Unemployment Compensation						
Special Administration	055	17,594	10,668	844	6,082	
Urban Planning Assistance	404	475	15	79	381	
Vocational Rehabilitation	081	57,420	46,562	2,775	8,083	
Wholesome Meat	476	2,914	2,677	160	77	
Total, Federal Trust Funds		1,859,889	1,220,870	150,270	488,749	
Revolving Funds:						
Air Transportation	309	700	633	56	11	
Board of Governors Cooperative						
Computer-Center	320	3,336	3,092	91	153	
Communications	312	83,335	54,789	22,100	6,446	
Office Supplies	307	2,836	1,921	816	99	
Paper and Printing	308	2,871	2,080	370	421	
State Garage	303	24,175	17,616	2,934	3,625	
State Surplus Property	903	905	801	69	35	
Statistical Services	304	36,381	27,813	3,379	5,189	
Working Capital	301	18,270	9,759	2,565	5,946	
Total, Revolving Funds		172,809	118,504	32,380	21,925	
State Trust Funds:						
Agricultural Master	440	369	292	40	37	
C.D.B. Contributory	617	7,691	2,984	14	4,693	
Charles S. Mott Foundation	760	22	15	5	2	
Child Abuse Prevention Donation	946	3			3	
Child Enforcement	957	25,932	22,697	1,956	1,279	
DMH/DD Private Resources	690	878			878	
Environmental Protection	845	1,100	850		250	
Group Insurance Premium	457	47,830	35,072	9,972	2,786	
Housing	467	76	31		45	
I.D.O.T. Metropolitan Sanitary District	843	9,247	206		9,041	
Illinois Rural Rehabilitation	595	528	62	12	454	
Institute Of Natural Resources Special Projects	834	500			500	
Land and Water Recreation	465	11,488	3,382	13	8,093	
Land Reclamation	858	257	14		243	
McHenry Lock Grant	956	110	110			
Narcotic Profit Forfeiture	951	20		2	18	
Prairie State 2000	992	3,000	740	460	1,800	
Public Assistance Recoveries	421	1	1			

Appropriations, Budgetary Expenditures and Lapsed Budgetary Balances (concluded)

Comptroller
State of Illinois
Fiscal Control Officer Responsibilities

Fiscal Year Ended June 30, 1986
(thousands)

Fiscal Year Ended June 30, 1986 (thousands)			Expenditures (a)		Balance Lapsed at
Fund Group and Fund	Fund Code	Appropriations	Year Ended June 30, 1986	Lapse Period	September 30 1986 (b)
Other Appropriated Funds (Concluded):					
State Trust Funds (Concluded)					
Public Health Special State Projects	896	135			135
Robert Wood Johnson Foundation	830	150	21	28	101
State Scholarship Commission Student Loan	676	113,052	105,155	7,394	503
Total, State Trust Funds		222,389	171,632	19,896	30,861
Total, Other Appropriated Funds		\$ 9,198,034	\$ 5,587,760	\$ 409,850	\$ 3,200,424
Total, Appropriated Funds		\$ 19,578,180	\$ 15,169,656	\$ 850,507	\$ 3,558,017

(a) These amounts include only expenditures against fiscal year 1986 appropriations.

(b) \$2,716,274 has been reappropriated to fiscal year 1987.

See Accompanying Note to Financial Statements and Schedules.

Note To Budgetary Financial Statements & Schedules

Note 1—Basis of Budgetary Financial Statements and Schedules

Description of Fiscal Control Officer Responsibilities:

The Comptroller is the chief fiscal officer of the State of Illinois and is responsible for maintaining the State's central fiscal accounting records. The Comptroller provides (1) an accounting control over monies in the State Treasury and (2) a control over the issuance of warrants for payment of agencies' expenditures including ascertaining that sufficient appropriation and fund balances exist before payments are made.

The Treasurer is custodian of the State's cash and investments and is accountable for the balances in many separate funds which are considered to be either in the State Treasury or outside the State Treasury.

The Comptroller's Office control over funds in the State Treasury is maintained through the following procedures: (1) receipts can be ordered into the State Treasury only by the Comptroller; (2) expenditures can be made from the State Treasury only by warrants issued by the Comptroller; and (3) transfers between funds in the State Treasury must be approved by the Comptroller.

Accounting control for funds outside the State Treasury, composed primarily of the Treasurer's clearing accounts, is the responsibility of other state agencies. Further, the Comptroller is not responsible for determining that all cash received by state agencies is deposited into the State Treasury or for determining that all state agencies' internal accounting controls and procedures are such that expenditures represent payments for goods and services received by agencies.

Policies Followed For Preparation of Budgetary Financial Statements and Schedules:

The budgetary financial statements and schedules included on pages 82 through 100 present the balances and transactions relating to the fiscal year ended June 30, 1986.

Receipts consist of all cash ordered into the State Treasury by the Comptroller during the fiscal year.

Expenditures consist of warrants issued by the Comptroller (1) during the fiscal year and (2) during the subsequent July 1 through September 30 (the lapse period) for payment of obligations incurred on or before June 30 (lapse period expenditures) except for the prior year's lapse period expenditures and warrants for accounts which were reappropriated for 1987 and for certain non-appropriated accounts.

The negative budgetary balances of several funds represent a deficit to the extent that expenditures during the lapse period were in excess of the June 30 available balance.

Funds which have both appropriated and non-appropriated accounts are included in appropriated funds.

The budgetary financial statements and schedules for the State of Illinois, presented on pages 82 through 100, do not present the financial position of the State of Illinois nor the changes in its fund balances in conformity with generally accepted accounting principles because, among other things, (1) they do not include a balance sheet setting forth balances for the State's cash, investments, fixed assets, bonded indebtedness, certain other liabilities, such as those related to pensions, the unemployment trust fund, and locally-held funds, and (2) they do not recognize all revenues receivable as of fiscal year-end. Also, no consideration is given to the existence or disclosure, if appropriate, of commitments or contingent liabilities. In addition, budgetary receipts and expenditures include not only transactions with parties outside the state government but also (1) non-statutory transfers which are made by the issue of warrants and (2) purchases and sales of security investments for retirement systems and certain other agencies.

Chicago Midway Airport



Midway Airport, Chicago, early 1950's

(Chicago Historical Society)

Chicago Midway Airport occupies a square mile of land on the city's southwest side. When the airport began in the 1920's the site was known as air park. The beginning was modest - a single NW/SE cinder runway. As air transportation developed, Midway Airport began to expand.

By the end of 1927 there were five runways in use. On December 12, 1927 Mayor William Hale Thompson dedicated the property as Chicago Municipal Airport. Air mail contractors began to use the airport and by 1929 scheduled airlines began to develop. On account of the volume of activity air traffic control was instituted. In 1932, Chicago Municipal Airport earned the distinction of being "the world's busiest airport."

Between 1935 and 1941 the airport field improvements included grading, lighting, a water system, sewers, surfacing and enlargement of runways and general landscaping. On June 30, 1941 Chicago Municipal Airport's complete new facility was rededicated with ceremonies that included an air show. There were eight sets of parallel runways ranging in length from 5275 feet to 7438 feet. These runways permitted simultaneous arrivals and departures.

World War II brought increased air activity with military added to commercial travel. The Army Air Corps became the Illinois

Air National Guard and at the start of the war moved to the Douglas Assembly Plant area at Orchard Place. This was the target towing detachment of the Army which flew assignments over Lake Michigan.

In 1947 the new administration building was completed. With this new building there was sufficient ticket counter and gate space for all operating airlines. By 1959 Midway Airport had its busiest year handling 19 scheduled carriers and 10,040,353 passengers.

The jet age and the availability of O'Hare Airport with its longer runways hastened the decline of Midway. Symbolically, on July 9, 1962, United Air Lines, the first airline to serve Midway, became the last to move operations to O'Hare.

In the 1960's there were some attempts to interest airlines in using Midway, but Midway Airlines, a new carrier, first sensed a developing market. The new carrier expanded service each year until in 1983 its passenger total reached 1,197,217 with 32,000 flight operations to 14 cities. The city of Chicago is committed to the redevelopment of the airport and its facilities. This includes the building of a new terminal, new hangars, a new control tower on the south ramp, new taxiways, ramps and parking areas.

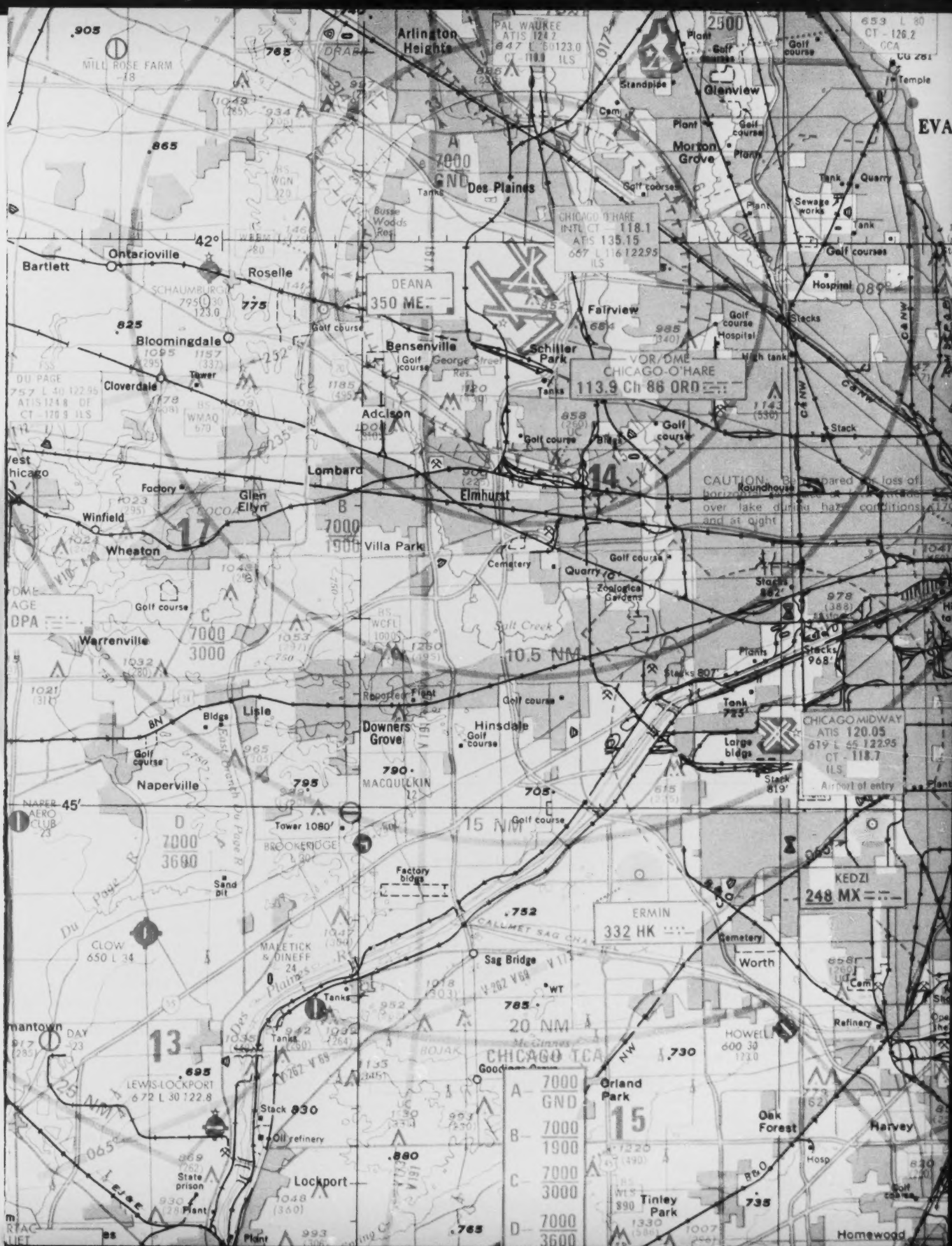


Cover Photo: The Stearman Boeing 4999 biplane built May 15, 1941. The aircraft is constructed largely of wood spars and wood ribs which are covered with a nylon material. (The original covering was Irish linen.) The University of Illinois Institute of Aviation acquired the biplane in June of 1972 and has used it since for specialized student training. The Stearmans were originally designed and built for training pilots during World War II. Piloting N4999 is Rick Weinberg and Institute of Aviation student Robert Grevin. (Photo by Max Schnorf made possible through the cooperation of the University of Illinois Institute of Aviation.)

Color photo inside front cover courtesy of Lt. Col. Wayne Rosenthal

Color photo on fold-out pages 10 and 15 Courtesy of Job C. Conger, IV

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EVA

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